

# FINANCIAL TIMES

No. 27,013

Tuesday July 6 1976

\*10p

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## NEWS SUMMARY

**RAIL**  
**Hot 'ed' in Syrian**  
**ambassy**  
oup of demonstrators  
their way into the Syrian  
in London's Belgrave  
chime yesterday. Last  
Scotland Yard said  
es were continuing into  
gation that a shot had  
red.  
students from the  
East are to appear at  
s Horseferry Road  
rates' court today, each  
d with threatening  
out. There are also two  
of obstructing police  
r the demonstrators had  
their way past two  
sies on the door, armed  
of the Diplomatic Patrol  
were summoned and drew  
s they arrived.

**BUSINESS**  
**Equities**  
**gain 3.0**  
**as pound**  
**improves**  
EQUITIES tended to advance,  
encouraged by sterling's firm-  
ness, optimistic business sur-  
veys and hints of further public  
spending cuts. The FT 30  
Share Index rose 3.0 to 392.5.

GILTS had a quiet day.  
Mediums and longs improved,  
but shorts eased. The Govern-  
ment Securities Index edged  
down 0.01 to 63.05.

TIN PRICES rose to new  
peaks on the London Metal  
Exchange, boosted by a fall in

warehouse stocks. Cash tin  
jumped \$96.5 to \$4,669 a tonne.

STERLING closed at \$1.7990,  
up 60 points. Trading was fairly  
quiet, with the New York  
market closed for the U.S.  
independence holiday. A  
trade-weighted depreciation  
narrowed to 38.3 (38.4) per  
cent.

GOLD fell 25 cents to  
\$123.125 in very quiet trading.

LONDON CO-OPERATIVE  
Society could face a bill running  
into millions of pounds as a  
result of a High Court judgment.  
The court ruled that the Co-op  
should have been paying higher  
interest on money borrowed from  
its pension fund. Page 9

PROPOSALS for counter-  
cyclical investment funds—under  
which companies would set aside  
profits in good times for invest-  
ment during recession—appear  
to be attracting less support. A  
working party is believed to have  
suggested that any such scheme  
would involve substantial Govern-  
ment funds and would not be  
effective for several years. Back

MINERS' conference defeated  
an attempt by militants to over-  
turn a ruling barring debate on  
pay demands. Page 11

PUBLIC SECTOR UNIONS  
are intensifying their efforts to  
generate TUC and Labour Party  
support to public spending  
cuts. Back Page

NORTH SEA oil and gas  
operations produced orders worth  
\$613m. for U.K. companies last  
year, nearly £100m. more than in  
1974. U.K. industry increased its  
share of the market from 40 to  
52 per cent. Back Page

AUSTRALIAN trade union  
leaders have called a 24-hour  
national strike next Monday over  
the Government's refusal to  
lower a health insurance levy.  
Page 3

FRANCE-SOIR, the loss-mak-  
ing French evening paper, has  
been sold by the Hachette group  
to M. Paul Winkler, Hungarian-  
born publisher. Page 34

SUN LIFE Assurance has  
gained control of Artagen  
Properties. Back Page

MERCURY SECURITIES in-  
creased net profit from £7.28m.  
to £9.34m. in the year to March  
31. Page 32 and Lex

PRICE CHANGES YESTERDAY  
as in pence unless otherwise  
indicated

RISES		
Am. Asphalt	130	+ 5
and Portland	41	+ 24
354	+ 3	
ord (S. and W.)	148	+ 4
120	+ 4	
er	206	+ 4
n (R)	204	+ 6
151	+ 3	
ros	194	+ 6
erson "A"	350	+ 6
(C. E.)	406	+ 11
310	+ 6	
in and Sirenia	310	+ 8
Richards	210	+ 8
alis (Hofstas)	70	+ 8
Supplies	30	+ 2
158	+ 4	

## College fees raised but few British families will pay

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

From October next year virtually all British families will be freed from paying tuition fees for children in higher education. This is the surprising effect of sharp increases in fee levels announced by Mr. Fred Mulley, Secretary for Education and Science, in London yesterday.

The main beneficiaries will be more than 20,000 British students from better-off families who have to meet all but £50 of the "home" student's tuition fee—averaging £180 in universities in 1976-77—as well as living costs.

Although the full-time fees charged by universities will rise to £650 for undergraduates and £750 for postgraduates from 1977, British students on "degree-equivalent" courses will have them paid from public funds, regardless of parental income.

The same fees will be charged for foreign undergraduates and postgraduates. Collapsing the differential rate introduced in 1967, but there will be no aid from British funds for the great majority of them. (Of about 70,000 people from overseas now studying at this country's universities, polytechnics and colleges, compared with only 31,000 in 1967-68) only roughly 10 per cent are supported by the State.

Mr. Mulley does not expect the increases to prevent demand from overseas from continuing to rise at an undiminished rate. So he plans to impose an overall quota to keep the numbers at around the present level.

The actual extra payments from foreigners—whose fees will

be given as of right to students accepted for more academically advanced studies leading to degree, higher national diploma, and the diploma in higher education.

Although Mr. Mulley said he hoped local authorities would increase their discretionary awards to cover the higher fees at sub-degree level (where, incidentally, an estimated 24,000 overseas students will still pay a differential fee averaging £325 compared with £125 for home students), it seems virtually certain that discretionary awards will become much harder to obtain.

The increases may also have a deterrent effect on industrial sponsorship of full-time students, particularly on the postgraduate courses where their participation has been hailed as a much-needed improvement in co-operation between the academic and industrial worlds.

Asked yesterday about the ending of fee-paying for students from better-off homes, Mr. Mulley said he had no regard for wealthy families. But there was evidence that over half the parents who were supposed to make a large contribution to their children's higher studies, did not in fact do so.

Editorial comment Page 16

THE French Government is expected to take a long and hard look at its Middle East policy after the successful Israeli commando raid on Entebbe Airport which led to the liberation of most of the hostages on the hijacked Air France airliner.

All the indications are that France is highly embarrassed by the whole affair. It was negotiating on behalf of the Israeli's as well as itself for the release of the hostages and was apparently taken completely by surprise when the Israeli Government decided to act without prior consultations with the other countries involved.

This, in itself, would be reason enough for French irritation in spite of the official declarations of relief at the fact that most of the passengers' lives were saved.

But, in addition, the French Government's readiness to negotiate with the hijackers is now being compared unfavourably by some sections of the French Press and public opinion with the effectiveness and courage of the Israeli's.

The refusal by French officials, including President Giscard d'Estaing, after his meeting in Hamburg with West German Chancellor Helmut Schmidt, to make any comment whatever on the hijacking and its aftermath, appears to indicate that the French Government is hesitating about what its future policy, and what its stance, should be.

On the one hand, the French

are displeased that they were outflanked by the Israelis, although they can hardly say so. On the other, they are wondering whether their open support for the Palestinian cause will gain them more enemies than friends in the long run, both at home and abroad.

It seems likely, therefore, that the whole question of French-Palestinian and French-Israeli relations will now be reviewed by the Government.

No-one can tell at the moment which direction French policy will eventually take, but there can hardly be any doubt that there will be some modifications, however subtle, after Entebbe affair.

What is certain is that Israel's commando operation involving, as it did, both a French plane and its crew and French nationals, has made French diplomacy look rather ineffectual and that is not something which the French Government and Foreign Ministry are likely to dismiss with just a Gallic shrug.

The raid—Israel's most daring so far at the one further away from its home base—continued to provoke serious political controversy elsewhere.

The UN Secretary-General, Mr. Kurt Waldheim, drew heavy fire after making a statement condemning Israel for the raid.

Predictably, Israel rejected the Secretary-General's remarks, which reportedly said that Israel's action was a "violation"

## U.K. wins Hong Kong £55m. rail contracts

By Arthur Smith

FIVE BRITISH companies have won contracts totalling more than £55m. to supply rolling stock and equipment for the Hong Kong mass transit railway system.

The awards, announced in Hong Kong yesterday, are seen as a major boost to British hopes to gain a larger share of the developing world market in rapid transit systems.

The orders were won against fierce competition from West Germany, France and Japan.

### Option

Metro-Cammell, the Birmingham-based subsidiary of the Laird Group, won a £55m. contract to supply 140 railway cars with an option for a further 70.

GEC Traction, of Manchester, was awarded the £5m. sub-contract for electrical equipment.

GEC Rectifiers, of Stafford, will provide the fixed power supplies, worth £7m., and GEC Hong Kong, a wholly-owned subsidiary, other electrical equipment totalling £5m.

Westinghouse Brake and Signal will supply signalling services worth £5m., and Vickers will provide depot equipment totalling £2.5m.

Mr. Norman Thompson, chairman of the Hong Kong Mass Transit Railway Corporation, said the recent devaluation of sterling had influenced the award. He indicated that continuing pessimism about sterling's future had also been a factor.

Three other contracts for which British companies were competing were placed elsewhere: Siemens, of West Germany, will provide the telecommunications, Cubic Western, U.S., the fare collection facilities and Otis Elevator, Hong Kong, the escalator system.

The British success in Hong Kong is thought to increase chances of gaining the contract for cars for the rapid transit system planned for Caracas, Venezuela.

### Tunnel

Construction of the first 20 kilometre phase of the Hong Kong rail system is underway. Eventually it will link the island, via a tunnel under the sea, with Kowloon and the New Territories.

Production of the railway cars at Metro-Cammell will begin soon. The first four-car train is scheduled for delivery in 1978. The bulk of the contract should be completed by 1979. The system is expected to be in service by early 1980.

The way to more orders for Britain Page 16

## Ministers quit over new Spanish PM

BY ROGER MATTHEWS

MADRID, July 5.

THE SPANISH regime has been thrust into an even deeper political crisis by the decision of King Juan Carlos to appoint Sr. Adolfo Suarez as his Prime Minister. All the Ministers most associated with the programme of reform introduced during the past six months have today refused to serve under the new Prime Minister, despite desperate attempts by emissaries to make them change their minds.

Throughout the more moderate elements of the regime a sense of disillusion has been mounting during the past 36 hours, and the untied Sr. Suarez faces a major task in putting together a Cabinet that will not seem much less progressive than the one that is departing.

Mr. Jose-María de Arellano, the outgoing Foreign Minister, a liberal and a monarchist, confirmed this morning that he would quit the Government even if offered a post. His departure is a serious blow to the image of the monarchy, as he had been one of the successes of the post-Franco era with his trips to the capitals of Common Market countries and the U.S.

Similarly, Sr. Manuel Fraga Iribarne, the Minister of the Interior, has written letters to both the King and the new Prime Minister, stating his unwillingness to serve.

Sr. Martin Garriga, who as Minister of Information defended the new-found freedom of the Press, Sr. Antonio Carrigues, the relatively liberal Justice Minister, Sr. Calvo Sotelo, who heads the Commerce Ministry, and Sr. Robles Piquer, at Education, have all indicated their desire to quit.

Sr. Suarez, who was sworn in as Prime Minister by the King early this evening, is expected to look for his replacement with the National Movement and the Catholic organisation, Opus Dei, which held considerable power during General Franco's Government of the 1960s, and early 1970s.

The National Movement is still Spain's only legal political force and was established to bring together those forces that supported Gen. Franco during the civil war.

Among those tipped to return to Government are the former Industry and Foreign Minister, Sr. Gregorio Lopez Bravo, a member of Opus Dei, who might be offered the Finance Ministry, and Sr. Silva Munoz, another former Minister and a representative of right-wing Christian democracy, who wishes to take the Foreign Affairs Ministry.

Both these men, together with Sr. Suarez, were on the list of three Prime Ministerial candidates presented by the highly conservative Council of the Realm to King Juan Carlos on Saturday.

Sr. Osorio, now the Minister in charge of the Premier's office and closely associated with Sr. Suarez, is likely to continue in the Cabinet, and will probably be joined by another former Minister, Sr. Fernandez Sordo, who could be given the Information Ministry.

The driving force behind this change in the composition of the Government is seen by some observers here as Sr. Torcuato Fernandez Miranda, one-time tutor of Juan Carlos, deputy Prime Minister under Admiral Carrero Blanco, and now President of the Cortes and chairman of the Council of the Realm.

Editorial comment Page 16

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LOMBARD

# World's 'second-class' citizens

BY C. GORDON TETHER

THE World Employment Conference recently organised by the International Labour Office in Geneva was not exactly a rip-roaring success. It would, indeed, have been nothing short of a miracle if this first-ever assault on a problem of such magnitude had been that hearing in mind the complexity and political sensitivity of the issues involved. But it clearly did a lot of useful work in throwing much-needed light on current thinking about how the evil of unemployment can be most advantageously tackled.

One of the more important—if disconcerting—consequences of this side of the conference's work was to point up the limitations of a line of attack that has attracted widespread support in recent years. That, hinged on an approach to Third World development that puts the emphasis on the use of "intermediate" rather than the more advanced forms of technology. For it seems that many developing countries resent the idea that they should be permanently assigned the role of "hewers of wood and drawers of water" in the economic evolution of mankind.

## Resented

The "intermediate technology" theme is not, I hasten to add, wholly the product of a recent world thinking about what method of tackling the growth of unemployment in developing countries would suit its own interests best. Its popularity stems primarily from the discovery that the capital-intensive forms of development in poor countries tend to put more people out of work than they find employment for. In the light of this and the growing feeling that a first priority of all economic progress should be to reduce unemployment and under-employment, some of the developing countries have themselves decided in recent years to sanction only projects that were sufficiently labour-intensive.

What became evident at the World Employment Conference is that, however benevolent the motivation, the developing countries are coming to feel increasingly resentful towards the "intermediate technology" theme. In other words, they are much more inclined to question the proposition that the international division of labour that would suit their purposes best is one which would reserve labour-intensive forms of economic activity for themselves while leaving the affluent world to concern itself with the much more rewarding—in terms of output

per man, and otherwise—high technology pursuits.

One reason for this is to be found in the growth of the belief in the developing world that the price that has to be paid for labour-intensive approach to development—in the shape of a slower overall economic advancement rate than might otherwise be attained—can be too great.

There is also, however, a growing feeling among developing countries that an approach to their problems that rests on the principle that it is right to treat the economic sense is basically unjust—a perpetuation and consolidation of the injustice inflicted on them by the evolution of the world's economic life to date.

This surfaced at the World Employment Conference in the shape of two demands. One is that they themselves should be left to determine what technological level it would be most advantageous for them to aim at in promoting their development. The other is that the advanced countries should henceforth display in much greater willingness to share their technological know-how with them.

One can easily sympathise with the feelings that have provoked these demands. And it would be manifestly unwise to treat them as being of little consequence in the sense that it is the affluent world that holds the whip-hand in the matter of how far it does or does not share its technology.

For if the growth of global inter-dependence means anything at all, it must mean that it is going to pay the advanced countries to do their utmost to eliminate the developing world's present sense of grievance.

At the same time, it does have to be recognised that experience to date indicates that capital-intensive development in poor countries benefits local elites while doing very little for those at or near the poverty line. Which is another way of saying that, since outside aid is supported by assisting the need, it can not disregard the fact that that which favours labour-intensive forms of development is apt to serve its purpose best.

There is, then, no perfect answer. But the affluent countries can best help to see that we get as near to one as possible by making sure that a genuine concern for the world's poor, rather than the indulgence of their own interests, plays the dominant part in shaping their attitudes to the controversy.

SALEROOM

BY ANTONY THORNCROFT

## £370,000 paid for Hours of the Virgin

THE Hours of the Virgin, a late medieval illuminated manuscript produced at the workshop of Gerard Horenbout and Simon Bening in either Bruges or Ghent around 1510, sold at Sotheby's yesterday for £370,000 (£407,000 with the 10 per cent buyers' premium added). This is easily a world auction record for a manuscript.

It was bought by Kraus, a New York collector and dealer, against fierce bidding from a London dealer. Mr. Kraus is reckoned to have the best collection of manuscripts in the U.S. (they are insured for \$35m).

He said after the auction that he had been prepared to pay £700,000 for the Hours of the Virgin, which he reckons the finest late medieval manuscript in existence. Sotheby's had placed a cautiously low estimate of about £100,000 on the work.

The manuscript has 312 vellum leaves and 84 large miniatures. It was brought into Sotheby's at Zurich by a German, and its existence was not previously known. There is no indication of its original owner but it is now reckoned to pre-date the famous Grimani Breviary, which contains miniatures copied from this work. The previous highest auction price for a manuscript was the £219,780 paid at Sotheby's in Zurich in November for a 12th century Hebrew manuscript.

The Hours of the Virgin was the great attraction at a manuscript and miniature sale which totalled £504,604, with a minimal amount unsold. Kraus was an active bidder, and also acquired the Sotheby's Hours, formerly the property of the Sotheby family of Eaton Hall, Northampton, for £37,000 (plus the 10 per cent).



Illustration from the Hours of the Virgin.

This mid-15th century English Hours of the Virgin, with illuminations by the Fastolf Master, had previously been sold at Sotheby's in 1957 for £3,400. It was sold yesterday by the Contemporary Dance Trust, and had formerly been in the library of Robin Howard.

Quaritch, the London dealer, paid £23,000 for a Bible in Latin, produced at Oxford, probably in the early 1200s, by William de Brailles. It is the earliest known work by a man described as England's first known commercial artist. He was a layman working for the Dominican House at Oxford.

There was also some excitement at the Sotheby's Old Master drawings sale, which realised £33,787, with virtually everything selling.

RACING

BY DOMINIC WIGAN

## New chance for Ampulla

FEW IF ANY two-year-old fillies have created a better first impression this season than Ampulla, the four-lengths winner of Newmarket's George Lambton Stakes six weeks ago. It will be interesting to see if Clive Brittain's filly can confirm that promise in today's Cherry Hinton Stakes on the July course.

Ampulla, a bay, filly by Crowned Prince out of All—therefore a half-sister to several high-class performers, including Steel Heart and Harpoun Seal—never appeared likely to be seriously tested in the George Lambton.

Always at the head of affairs, the Capt. Marcos Leanos-owned filly, who cost £41,000 gns. as a yearling, drew clear of the more experienced winners in the final furlongs to win going away.

Sure to be all the better for that introductory run, Ampulla

seems likely to go to post as a short-priced favourite in spite of the presence of six other recent winners. I shall be disappointed.

**NEWMARKET**  
2.00—Gilda  
2.30—Ampulla  
3.00—Stand to Reason\*\*  
3.30—Lungee  
4.10—Collector's Dream  
4.40—Pasty\*\*  
5.10—Red Seed  
**WARWICK**  
7.00—Big Treat  
7.30—Cartefel  
8.20—Nordic Salute

if she cannot give her owner an overdue change of fortune.

Sixty-five minutes after the Cherry Hinton, it will be interesting to see how Ampulla, but luckless filly, Roses For The Star, fares against the King Edward

VII Stakes runner-up, Smuggler, and some smaller older performers in the Princess of Wales Stakes.

She may go close again, but I doubt if she can cope with Mr. Daniel Wildenstein's French challenger, Lungee. This American-bred inmate of Angel Penna's all-conquering Chantilly establishment has run well to be second on both appearances this term.

Probably the one-time hot favourite for the One Thousand Guineas, where she finished unplaced to Flying Water at odds of 12-1, showed her first form since last autumn when running respectably in the Coronation Stakes at the Royal Meeting.

I expect her to prove capable of living weight and a beating to the seven who oppose her in the Hamilton Handicap. Peter Walwyn's filly appeals as the best bet of the day.

FILM AND VIDEO

BY JOHN CHITT

## New interest in the company film

THE RECENTLY-PUBLISHED Sir Eric Drake appeared before the TV cameras when the crisis suddenly gushed—and in 48 hours authoritative reassurance about BP's position was on its way to centres around the country. The idea has continued with the new Chairman, Mr. David Steel, and general information programmes on topics such as oil production in the North Sea and Alaska—also fed into the company network.

George Wimpey have taken a different route, preferring the established medium of film and the well-tried format of the newsreel. The aim is to reach, with each of the two newsreels so far produced, a broad enough general interest in material about the company to appeal to customers as well as employees. Thus Wimpey News No. 2 takes a look at the group's Canadian activities, the opening by the Queen of a Wimpey-built cheese factory in Scotland, some recently-completed commercial buildings in Britain, extensive works in the Middle East and oil involvement in North Sea oil construction projects.

Although such programmes may not be a complete answer to the DoT's call for more information in company reports, at least they do provide an insight beyond the cold print into three of the four priority areas singled out by the Department: employment, future prospects, corporate objectives.

Companies considering the idea of adopting audio-visual media for this purpose inevitably face the dilemma—what medium? The BP and Wimpey approaches exemplify the differences. Programmes on videotape cassettes can be originated quickly and put into distribution within hours of a vital issue breaking; they are ideal for studio interviews—quick and easy to arrange. But video is new enough to require the special installation of videocassette players and TV monitors at each receiving branch beforehand—a capital cost of at least £700 per installation.

BP have preferred to lease-in these facilities from Radio Rentals, which means that has been to bring the Chairman into a studio to give a personal interview—and an important point with taken, him on topics about the company and of vital concern—making large group of data, but to employees. It started when viewing difficult; on the other

hand, TV set display for repeated present situations where a audience is the reception lounge, viewing conditions, able for a two-face with the company, the not ideal for showing news of a construction Middle East.

## Less commi

Wimpey's choice of film thus reflects a kind of programme a more concession to appeal—a necessity, audience is not only best medium to a location work, ceases, is involved, a sophisticated style of the probably mean a high tion cost—rarely a factor of style and a medium itself as a thought erroneous scheduling of film does not lend itself to reality. In although this can be plished by careful pla the other hand, 16 m ideal for large audienc and 16 mm. projece found in most place

No single system is likely to provide all communications with every company. Co of branches, a source of information, parameters that will, company to company, factor which may inf choice of medium is ability of expert ma on the spot.

Nonetheless, these are providing a type mation which no prr any report could Where the bare bone require some flesh, w actual concepts wit visual media offer a for the fear that a DoT's report—namely would perpetuate the the provision of more frequently increases ability of information But visual media do not in company and of vital concern—making large group of data, but to employees. It started when viewing difficult; on the other

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## TV/Radio

†Indicates programmes in black and white.

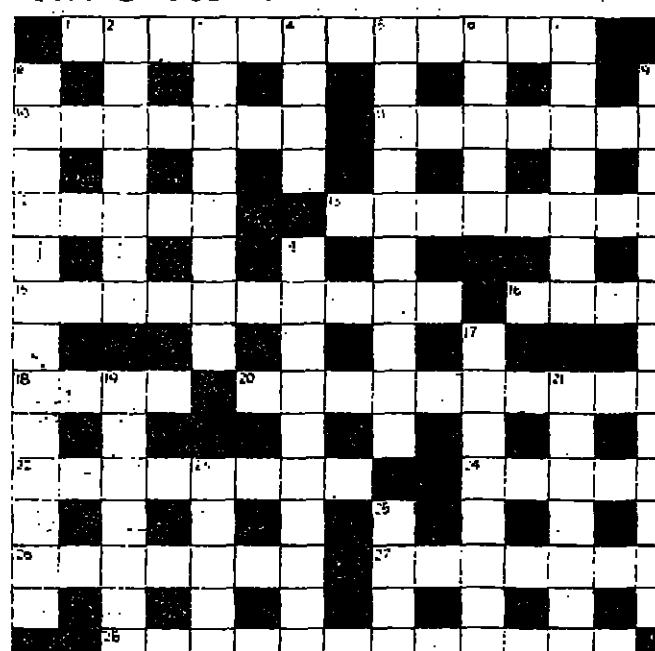
### BBC 1

7.05-7.35 a.m. Open University (UHF only). 1.30 p.m. Andy Pandy's House. 1.45 News. 3.50 p.m. Claver. 4.22 Regional News (except London). 4.25 Play School. 4.30 Animal Magic. 5.35 Lippy Lion. 5.40 Burpappas. 5.45 News. 6.00 Nationwide (London only). 6.25 Dr. Who. 7.50 The Great American Picture Show: "The Music Box" starring Laurel and Hardy.

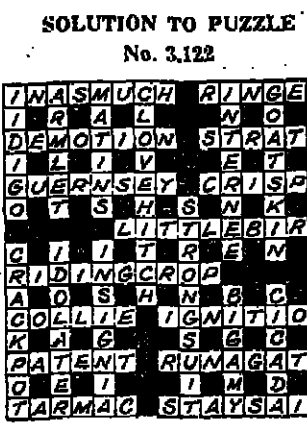
7.20 The Undersea World Of Jacques Cousteau. 8.10 Sutherland's Law. 8.00 News. 9.25 The Good Life. 9.35 Peace, Perfect Peace. 10.35 Tonight. 11.10 Roy Orbison Sings. 11.40 Weather-Regional News.

All Regions as BBC-1 except at the following times: Wales—1.30-1.45 p.m. Along The Trail. 5.15-5.40 Heddiw. 6.00-6.25 Wales To-day. 6.30-7.20 CWM Dafydd—Cystadiseithau Rhwyngw.

### F.T. CROSSWORD PUZZLE No. 3,123



- ACROSS**
- When grouching starts to turn to part of eight (7, 5)
  - Any bell might do for first war soldier (7)
  - Handy appreciator of striking ringer (7)
  - It's worth changing cast (5)
  - Worry over labour involved in ornamental carving (5)
  - Rehearse when race finished (3, 7)
  - Useless against own Scotch (4)
  - Bob out of way scores tonight (4)
  - Peel at home from Yorks took in part of Ireland (8, 4)
  - Prepare another estimate concerning fool's self-starter (8)
  - Live with daughter in fine style (5)
  - Side and I disguise contempt (7)
  - One month a small relative gains freedom from infection (7)
  - Gather there's a man about town going to catch female (3, 8)
- DOWN**
- Spring showing of play is properly conducted (4, 3)
  - German militia has to lend Haver a different shape (5)
  - All is but a veneer and veneer is dead (7) (Macbeth) (4)
  - Biggest crowd present to



### BBC 2

6.40-7.55 a.m. Open University. 11.00 Play School. 11.25-11.50 Open University. 5.00 p.m. Open University. 7.45 Up The Order. 12.00 News On 2. 7.40 Rembrandt. 8.10 A Portrait of Michael Bentin. 9.00 Bang Birthday America. 9.30 "After The Fall," a play by Arthur Miller, starring Faye Dunaway, Christopher Plummer and Bibi Andersson. 11.35 Newsnight. 11.50-11.55 Closesdown: Lyndon Brook reads "Shall I compare thee to a summer's day," by William Shakespeare.

**LONDON**  
9.45 a.m. Bertrand Russell Speaks His Mind. 10.00 Advanced Driving With Graham Hill. 10.25 Cricket In The Middle. 10.50 Cartoon. 11.00 Unlabeled World. 11.25 The Royal Show. 12.00 Paperay. 12.10 a.m. Mr. Trumble. 12.20 Home and School. 1.00 First

**RADIO 1**  
2.47m. 5.00 a.m. News. 5.15 a.m. News. 5.30 a.m. News. 5.45 a.m. News. 6.00 a.m. News. 6.15 a.m. News. 6.30 a.m. News. 6.45 a.m. News. 7.00 a.m. News. 7.15 a.m. News. 7.30 a.m. News. 7.45 a.m. News. 8.00 a.m. News. 8.15 a.m. News. 8.30 a.m. News. 8.45 a.m. News. 9.00 a.m. News. 9.15 a.m. News. 9.30 a.m. News. 9.45 a.m. News. 10.00 a.m. News. 10.15 a.m. News. 10.30 a.m. News. 10.45 a.m. News. 11.00 a.m. News. 11.15 a.m. News. 11.30 a.m. News. 11.45 a.m. News. 12.00 a.m. News. 12.15 a.m. News. 12.30 a.m. News. 12.45 a.m. News. 1.00 a.m. News. 1.15 a.m. News. 1.30 a.m. News. 1.45 a.m. News. 2.00 a.m. News. 2.15 a.m. News. 2.30 a.m. News. 2.45 a.m. News. 3.00 a.m. News. 3.15 a.m. News. 3.30 a.m. News. 3.45 a.m. News. 4.00 a.m. News. 4.15 a.m. News. 4.30 a.m. News. 4.45 a.m. News. 5.00 a.m. News. 5.15 a.m. News. 5.30 a.m. News. 5.45 a.m. News. 6.00 a.m. News. 6.15 a.m. News. 6.30 a.m. News. 6.45 a.m. News. 7.00 a.m. News. 7.15 a.m. News. 7.30 a.m. News. 7.45 a.m. News. 8.00 a.m. News. 8.15 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# Three ladies

by WILLIAM PACKER.



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the imagery calling to  
tombs and monuments as  
as anything, ritualistic  
totemic. She is showing  
small reliefs that are  
trophies, overtly surreal  
assemblages of oddments



the objects - trouvés : they order admirably in sympathy with the work of Eileen Agar on by downstairs.

Miss Agar, who, has made distinguished if barely acknowledged contribution to European Surrealism, shared in the fashionably obscurely visited upon all colleagues active before War, and lifted only within last few years. She was for a larger show by the New Centre a year ago, an innovative and interesting retrospective view of her career; and in this small show, she concentrates upon the years between 1928 and 1945, with her work augmented by fascinating photographs that document her friendships and associations those years, notably Picasso, Dali and Eluard.

Her work itself is lively, inventive and idiosyncratic, employing familiar surrealist vocabulary, images, and techniques, but it is an authentic if more personal statement.

# Capricorn by PAUL GRIFFITHS

The ensemble showed themselves better attuned to the serial venturings of Copland's Piano Quartet, and to the more tortured thoughts of George Crumb and George Rochberg. Crumb's *Vox balneae* is another set of macabre crudities, this time for flautist, cellist and contrabass, and masterfully done. The composer was inspired by the song of the hump-backed male, but not very. Rochberg's *Centra mortem et tempus* is a sequence of quotations moving uneasily and finally flowering in original music: is a good deal more disquieting as a song from the deep.

## Amateur theatre

A year barrier," with a liability to the VAT but no reserve profits to pay the tax or to finance future activities.

### "Murder" at the Fortune

*Murder at the Vicarage*, the play made from Agatha Christie's novel, is now at the Fortune Theatre, after a year's run at the Savoy. Its stars are Avril Angers, and Derek Bond. The director is Donald Bodley.

## VAT and the amateur theatre

**'Murder' at the Fortune**  
**'Murder at the Vicarage'**, the play made from Agatha Christie's novel, is now at the Fortune Theatre, after a year's run at the Savoy. Its stars are Avril Angers and Derek Bond. The director is Donald Bodley.

## Binks

# Manufacturing Company

has acquired all the remaining outstanding shares in its United Kingdom subsidiary.

# Binks - Bullows Limited

*The undersigned acted as European financial advisor to Binks Manufacturing Company in connection with this transaction.*



## St. Paul's Steps

# Choral Symphony

by RONALD CRICHTON

through. Discreet and quiet as they were. It is hard to concentrate when a file of people continually cuts across one's field of vision.

Even so, with all the inevitable dilutions of effect, some of the performance—whole page of the scherzo, most of the Adagio, were more than just vaguely arresting. It was those moments in the finale where Beethoven and Schiller appear that I am sure the world would give the instrumental recitatives, the six-eight thumping-pulsing that fell flat. The soloists, who fared less well with the amplification than chorus or orchestra were Heather Harper, Anne Rynne, John Robert Tear and Gwynne Howell.

★

A word about Saturday night's Wigmore Hall concert by the Specialist Musicians (young string players) from "Wellington Square School." The first heard included Dominic Mulrow's *Driftwood to the flow*, conducted by the composer, and a promising String Quartet (No. 2) by Nicholas Williams, one of the viola players, a little too young to play the solo part. The effects were well laid out and assembled, with moments revealing a genuine ear for sound.

Everything played showed a degree of musical response more important than a certain amount of technical skill. The Barber played some Kreisler, Barbra trifies with a distinctly individual tone. Best of all, fourteen of the players in the first movement of Mozart's D minor quartet, a great deal of the music of the end of the harmonic movement, of the shape of the individual phrases, if not always of the way to string those phrases together.

## Holland Festival

# George Antheil

by NICHOLAS KENYON

Far wilder scenes of musical theatre took place in the performance of *La Femme 100 Têtes*, a surrealist drama taking its title from the work of Max Ernst, and based around 44 piano pieces by Anthell. To say that in the course of an hour there were 44 musical instruments in the Buenos Aires show (probably talented actor-musicians) not only played the music but acted the parts of Anthell and Ernst, gave a mock-German slide show of Ernst's work, seduced and seduced by the piano, and were seduced by their two companions, jumped into the piano and played the piano, and seduced through the hall's loudspeaker, slowly bandaged each other's heads, ate their sandwiches, played snooker on the maze lid, and repeated most of the ritual after a false ending to the piece which fooled the entire audience. To say that it still doesn't add up to the whole vision of the piano pieces themselves when played by Jorge Zulueta (as a diffident Anthell) or to the strange logic of the whole manic event. It will be surprising if any American Centennial production anything more vivid and startling than this.

# Japan

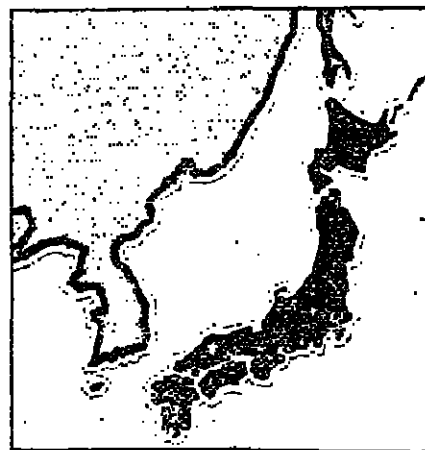
(jə-pǎn')

**Japan** (*jə-pān'*) An economic region of great variety, Japan consists of four large and many small islands lying off the east coast of Asia. **One of the most important trading countries in the world.** Lives mainly by manufacturing for export. Capital – Tokyo; currency – yen – Standard Chartered Bank is there.

To provide the facilities which businessmen need we have a number of strategically placed branches of The Chartered Bank in Japan as part of our 60 – country network. All our 1500 branches and Group offices throughout the world are linked with

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## WORLD TRADE NEWS

## U.K. motor manufacturers to ask Japan to moderate exports

BY CHARLES SMITH

THE SOCIETY of Motor Manufacturers and Traders (SMMT) will be meeting its opposite number the Japan Automobile Manufacturers Association (JAMA) here tomorrow in another attempt to persuade Japan to moderate its car exports to Britain.

The meeting will take the form of a discussion of market prospects in the U.K. with SMMT attempting to extract from JAMA a forecast of Japanese exports, probably for the remainder of the year.

The term "forecast" is being used in preference to more explicit language because the Japanese motor industry has consistently refused to be pushed into any firm undertaking that it will slow down exports to Britain.

When the SMMT and JAMA met in London last December, the Japanese side said that it did not expect its performance in the U.K. market during the first three months of 1978 to exceed the level reached in the latter part of 1977.

Actual export figures during the first three months of the year did in fact turn out to be slightly below the average for the final five months of last year (the period which was apparently meant to be implied by the expression "latter part").

In April and May, however, Japanese car exports to Britain began to rise again. Shipments were 14,656 in April and 14,842 in May, compared with an average of 8,343 cars shipped in the first three months.

SMMT will no doubt want to ask the Japanese why their exports shot up as soon as the quarter was over but this question forms only one aspect of a complicated situation. The leading Japanese exporter to the U.K., Nissan, says it was obliged to step up its shipments to Britain in April and May because

its U.K. dealers were running out of stocks and were "in danger of going out of business."

Both Nissan and Toyota, which is the number two exporter to the U.K. but number one in the Japanese car industry, point to the big inroads into the British market made this year by the three smaller motor manufacturers, Toyota, Honda and Mitsubishi.

Taking the first four months of the year and comparing them with the same period of last year, Toyota's exports of its "Mazda" cars to the U.K. were up by 69 per cent, while Honda scored a 73 per cent increase.

Japanese export statistics do not list Mitsubishi shipments to the U.K. separately but "others" show an increase of 120 per cent.

By contrast Toyota sales to the U.K. for the first five months of 1978 were actually down by 28 per cent, Nissan scored a gain of 20 per cent.

The Japanese team at the Tokyo talks will be led by Mr. Eiji Toyota, the president of Toyota Motor Company, and will include the managing director of Nissan, Mr. Masataka Okura.

There will be no one of the Japanese side from the three smaller exporters who have been making the running in the U.K.

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## Sandilands criticises invisible figures

SIR FRANCIS Sandilands, Chairman of the Committee on Invisible Exports, forecasting a further 14 per cent rise in 1978 of the country's net invisible surplus of £2,070m, criticised the Government's presentation of these figures in the Committee's annual report published yesterday.

"With a continuing invisible trade deficit the invisible contribution remains vital," he said, "while the net private surplus on invisibles was rising from £763m in 1966 to £2,070m in 1975 the corresponding deficit on Government transactions, which are still recorded as invisibles, rose from £220m to £1,970m."

This rise reflects the growing cost of Britain's defence expenditure and overseas aid programmes but above all the cost of servicing our foreign debt. It is unfortunate that the results of the deficit should be put together with the private sector surplus to provide a net figure of Britain's invisible income which does not give a true picture in official publications.

Secondly, the Japanese can claim that a significant part of their lost market share has gone not to British car manufacturers but to other imported cars. European exporters stepped up their share of the British market significantly during the first five months of the year at the expense of Japan.

The SMMT can remind the Japanese that there is a two-way trade in cars between the U.K. and other European countries whereas British car exports to Japan are insignificant. There may, however, be a reluctance to stress this point too heavily since Britain does not want to appear to be demanding a bilateral balance in car trade which is quite obviously unattainable.

The Tokyo talks take place against a background of recovery in the U.K. car market, with 1978 registration estimates being gradually revised upwards. This could make the talks less difficult than last December's meeting in London. The U.K. team will be led by the chairman of Nissan, Mr. Masataka Okura.

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## Communist will hold key Parliament post in Italy

ROME, July 5.

in building bridges between the various parties in the House, most notably perhaps in smoothing out any dialogue between the CD and the PCI.

Now that the new Parliament has met, and with agreement on filling these two important parliamentary posts, the way is open for President Giovanni Leone to

commence the constitutional processes of consultation prior to his naming a Prime Minister

The initiative will almost certainly go to the Christian Democrats, and since that party has no overall majority the alternatives appear to rest

alternatives appear between another Centre-Left administration and a minority Government. Reaching agreement on either way may take some time.

It is possible for the present caretaker Government of Prime Minister Aldo Moro to continue in office at the President's request, or indeed all the main

parties may reach agreement on a new interim administration to get over the summer holiday period and allow time for the CD, the PCI and the Socialists to work out some general agreement on legislative proposals, if not actually on the precise nature and make-up of the Government itself.

WARSAW, July 5.

The Premier's statement was couched in the moderate tones used by the party leader, Mr. Edward Gierek, last Friday. Mr. Gierek's speech has brought about a change in the tenor of the Press, which has stopped implying that those who disturb the dialogue between Party and people be punished.

Mr. Jaroszewicz also said that "to-day we are richer and wiser

for the suggestions and opinions put forward by tens of thousands of people and also for the experiences of the last days." Pointing out that not to rise prices would once again lengthen the distance dividing Poland from the highly developed countries and would mean abandoning the policy of high-speed growth initiated after 1970. "We must not permit ourselves to go in such a direction," he said.

SUPPORTERS of the radical  
Major Orio Sir.

## German manufacturing in shows rise

## Turkish Cypriot cabinet announce

**TURKISH** Cypriots announced the Government the "autonomous Federated State" they plan in the north of the island. UPI reports from Turkish Cyprus said Mustafa Denktas, said an overwhelming election last month to the first president of the Federated State, approved the Cabinet was submitted last night to a 40-member legislative assembly elected in the same month.

The list is headed by Minister Nejat Konuk, by Deputy Prime Minister Celik, who also will be of Defence and Foreign

All forecasts indicate that the weather for Thessaloniki, Greece, from the 5th to the 19th of September should be fair indeed. Trade-fair weather for a fair that's growing every year. This year 4,000 exhibitors will be waiting to show you their products. Visitors from all over the world will be there for business and pleasure. A record year is expected.

So let's get together, exchange ideas, make plans, study the market, socialize. Let's make it a small world - just the size of our fair grounds, 5th to 19th of September, Thessaloniki, Greece. For sure the weather will be fair.

# THESSALONIKI INTERNATIONAL TRADE FAIR

**5-19 SEPTEMBER 1976**

Official Carrier

# OLYMPIC

Please send me your free illustrated brochure and Tourist's Guide.

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Thessaloniki 56, Greece, or to any  
OLYMPIC AIRWAYS local office.

- ☐ Group invoiced sales rose by 16% to MKr 6,425.
- ☐ Operating profit after ordinary depreciation amounted to MKr 491 compared with MKr 556 in 1974.
- ☐ Adjusted profit per share was Kr 11.15 compared with Kr 14.15 in 1974.
- ☐ The number of operating companies in the Group at the year-end was 217 with activities in 42 countries.

## New acquisitions

**New acquisitions**  
In the beginning of 1976, Electrolux purchased the Martin Group, which has companies in France, Belgium, Switzerland and other countries. Their product range includes gas cookers of their own manufacture. These products did not previously have a place in the Electrolux range. In addition the Martin Group markets refrigerators and freezers, which are now being supplied to a certain extent by other companies in the Electrolux Group. Other products are domestic washing machines, catering equipment, gas-fired and coal-fired stoves, etc. Sales of the Martin Group amounted to Mkr 820 in 1975.

In 1976 the majority of the shares in Tornado S.A. of Paris and all shares of its subsidiary Excelsior-Tornado B.V., Ferrieuizen, Holland, have been acquired. This has markedly increased the Group's market share in the French and Dutch domestic vacuum cleaner markets.

The above acquisitions, which are expected to yield satisfactory returns on invested capital in the long run, and which significantly increase the turnover of the Group, have strengthened the Electrolux position both in geographically important markets and the range of products marketed by the Group. Furthermore they provide a desirable spread of commercial and political risks.

1975	Mkr
Household appliances and cleaning machines of which refrigerators, freezers, etc. of which vacuum cleaners	3,880 (1,860) (2,020)
Office products	979
Industrial products	635
Commercial cleaning services	591
Miscellaneous products	340
<b>Total</b>	<b>6,425</b>
The Group sales distributed in product lines	

The Group sales distributed in product lines:

1974	MRs
Household appliances and cleaning machines of which refrigerators, freezers, etc.	3,442 (1,702)
of which vacuum cleaners	(1,740)
Office products	894
Industrial products	529
Commercial cleaning services	382
Miscellaneous products	289
Total	5,536

The Group sales distributed in product lines

**...domestic vacuum cleaners and caravan refrigerators in the USA**

The Electrolux Group is now firmly established in the American market, mainly through National Electric Corporation (NUE), which is one of the largest manufacturers of domestic vacuum cleaners in the USA. The operations of NUE showed continual growth during 1975, both in sales and profits. This trend is expected to continue. The Group has a large share of the American market for caravan refrigerators, and the sales of these refrigerators have increased after a decline during the energy crisis.

**...continued upswing to be expected for 1976**  
A target for 1976 Group sales of MKr 8,000 has been set, including sales of the Martin Group. Operating profits are expected to increase.



# Electrolux

Aktiebolaget Electrolux  
Stockholm, Sweden.

If you require further information write to  
AB Electrolux at the above address.



## BY A. H. HERMANN

To: The Industrial Expansion Team, Department of Industry, Millbank Towers, Millbank, London SW1P 4QU  
 Please send me full details of the benefits available in the Areas for Expansion.

Name \_\_\_\_\_  
 Company \_\_\_\_\_  
 Nature of Business \_\_\_\_\_  
 Address \_\_\_\_\_  
 Position in Company \_\_\_\_\_

**The Areas for Expansion**

FT6/7G

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## Price controls will continue Williams says

ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

FORM of price control for the future, it was forecast yesterday by both Mrs. Shirley Williams, Secretary for Prices, and Geoffrey Howe, the Chancellor.

Mrs. Williams said the present of price control had been "positively damaging to industry and employment" and that the Government was "not in a position to consider the abolition of price controls."

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## London Co-op could face £5m. pension loans bill

THE LONDON Co-operative Society could face a bill, running into millions of pounds, after a High Court victory yesterday for one of its retired milkmen.

Mr. Robert Evans, aged 67, took the "co-op" to court, claiming that, for 17 years, it had been using its pension fund as a source of cheap finance by borrowing from it at low interest rates.

After a 17-day hearing, Mr. Justice Brightman ordered the society to compensate the fund for the money lost because of the low rates of interest paid from March, 1952, to July, 1969.

The judge paid tribute to Mr. Evans of Sullivan Court, Peterborough Road, Fulham, London, who, he said, had "done very great service to the pension fund and its existing and future beneficiaries."

Discretion

The judge said that from 1952 the society borrowed from its pension fund at an interest rate of 3 per cent. This was lower than commercial rates.

The fact was that the members of the pension committee never appreciated before July, 1969, that they ought not to lend money to the society except at a properly negotiated rate of interest.

"They thought that the society was entitled as of right to borrow all the money it wished

from the pension fund at the minimum rate of interest. They never considered how any discretion should be exercised by them, because they thought they had none."

"The most they thought they could do was to try to persuade the society, out of the goodness of its heart, or as a matter of fairness, to raise the rate of interest."

Over the years, the pensions committee had approached the society for permission to raise the interest rate or invest their money elsewhere.

Apart from the release of £100,000 for investment elsewhere, this was refused. The secretary of the society had replied that he thought the society treated the fund "very generously."

The judge said that the pension fund committee had "never cast themselves in any role except that of supplicants."

They accepted interest at 3 per cent. because they thought they had to do so. In fact, the fund rules allowed for negotiation of interest rates.

The committee also had the right to refuse loans to the society.

Rejected

The judge rejected the society's argument that it had the "absolute right" to borrow all it wanted at the rate of 3 per cent. The pension committee had acted "in breach of trust" in

allowing the society to borrow money in a way which was contrary to the rules.

"This is not a case in which the society or anyone else has acted fraudulently or in conscious breach of trust," the judge said.

He decided that interest of 4 per cent. should have been paid from 1952 to the end of 1955; 5 per cent. from 1956 to 1964; 6 per cent. from 1965 to 1967 and 7 per cent. from 1968 to 1969.

The society is currently borrowing at a rate of 10 per cent. The judge said that the society would have to be given credit for certain special payments made over those years to the pension fund. The figures could be worked out and presented to him at some future date.

As a result of his judgment, it might be that an increase in pensions could be made.

The judge's order was stayed pending a possible appeal by the Co-op.

Mr. Evans, who was awarded costs against the Co-op, said after the hearing: "I am very pleased. It makes all the years of fighting worthwhile. I think the amount the society will have to pay could approach £5m."

"I don't know what I shall do with myself now. For the past few years all my spare time has been spent on this. I haven't even had time to write regularly to my son in Canada."

## Rationing of water 'distinctly possible'

THERE WAS a distinct possibility of water rationing by August or September, if the present dry weather continued, Mr. John Silkin, Minister for Planning and Local Government, said yesterday.

Restrictions would affect only the worst-hit areas and discretion to enforce regulations would rest with local water authorities when his new Bill became law by the end of this month.

Referring to "our new climate," Mr. Silkin added: "If this hot weather continues, rationing in some form in some areas will become inevitable."

"There will, however, be special consideration for agriculture, industry, food-processing plant, old people and essential services. It will not become a case of people being without the necessary amount of water to carry on their normal lives."

Visiting Peterborough, where a new source of water has been found in gravel beds on the outskirts of the city, Mr. Silkin stressed: "Conservation is essential in the present crisis."

"If we are to have a spell of extra-dry summers, contingency plans must be made. A national grid is a possibility in the long-term."

"However, we are already operating an inter-regional grid system, especially in East Anglia, and this is proving very successful."

## Danger chemicals to have warning label system

ABOUT 800 dangerous chemicals will have to carry warning labels—many of them for the first time—from late next year under Government proposals announced today.

The chemicals are all widely used in industry and about 2 dozen including caustic soda and ammonia solution, are also used in the home.

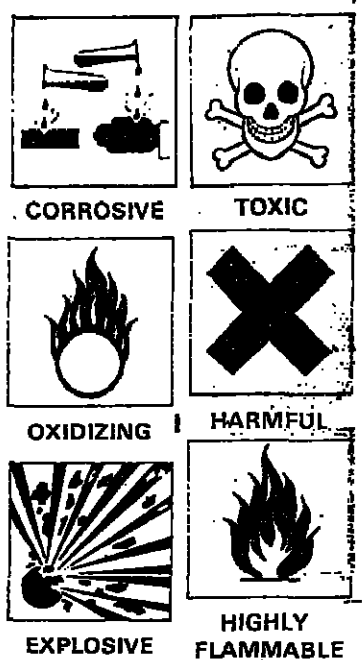
The labelling will not yet apply to household cleaners or other domestic products that contain the chemicals. Such mixtures are only likely to come under the scheme in mid-1978.

The statutory labelling scheme—announced by the Health and Safety Commission—means that each chemical will carry a warning symbol in black and bright orange or yellow, indicating whether it is explosive, toxic, highly flammable or corrosive.

Irritants and flammable chemicals will also carry symbols.

Warnings such as "causes severe burns" or "reacts violently with water" will be on the label with safety precautions and first aid instructions, together with the chemical's name and the name of the supplier.

The draft proposals, which are open for comment until the end of August, are part of an EEC directive to introduce a standard scheme in all nine member States. In Germany, France and



GEORGEY HOWE

More optimistic

are important and that the trend in profitability is likely to be reversed.

"The recovery in the economy was virtually unprecedented, but some things were still threatening what had been achieved."

Notably, a hardening of commodity prices and the fall of the pound.

The Government had acted to encourage confidence and investment by providing incentives to productivity with the recent amendments to the Price Code.

Some form of investment relief would be continued whatever happened to the code after the end of its legislative life next summer, she said.

There are signs that the social contract-type

taxwell plans final

id for Glasgow

ewspaper building

OUR OWN CORRESPONDENT

FUTURE of the former 200 and 400 jobs for unemployed printers, journalists and office workers in Glasgow.

Mr. Maxwell has decided within the next up to £2.5m. Mr. Maxwell has enlisted the support of the few ex-SDN workers still occupying on Press, is due in Glasgow to place a final weekly freesheet, who see Mr. Maxwell as offering their only chance of employment.

Mr. Maxwell, head of the building and producing a Thursday to place a final weekly freesheet, who see Mr. Maxwell as offering their only chance of employment.

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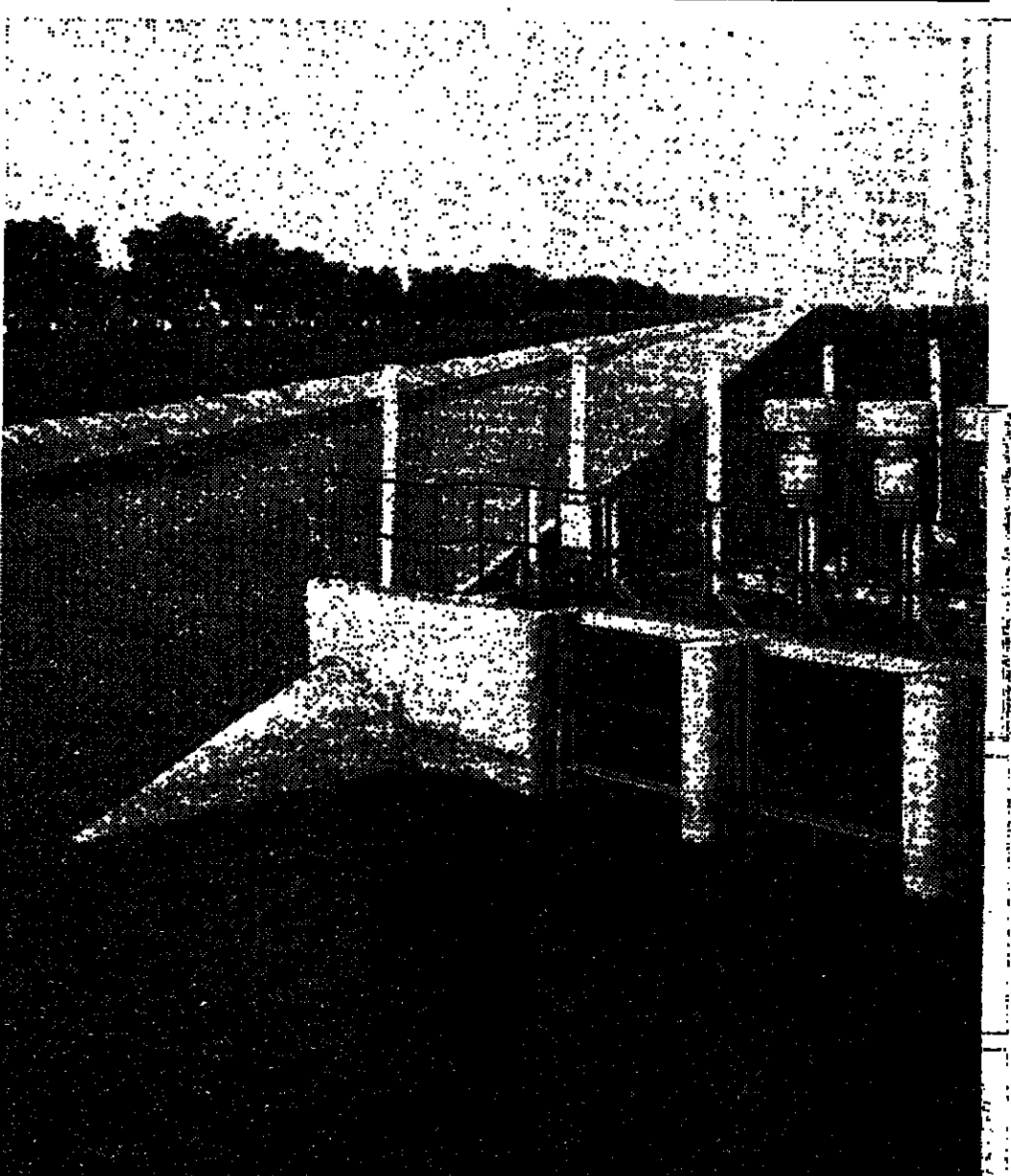
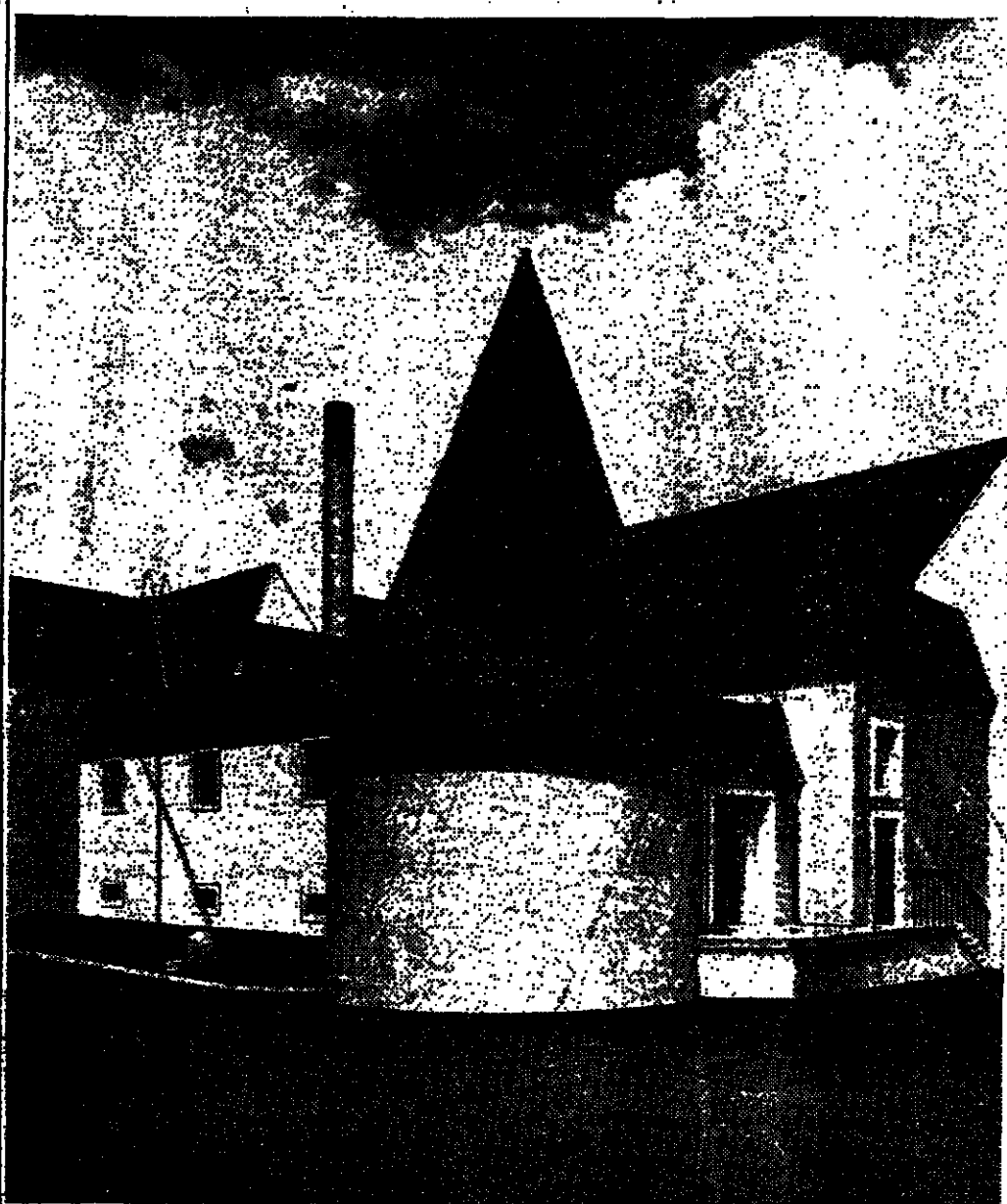
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# Scotch and Water

In the Highlands of Scotland, the new IDV Distillery at Auchroisk, already the winner of four architectural awards, blends with the landscape.

Wimpey built it.

On the plains near the Danube there is a new irrigation scheme. Jointly built by Wimpey and the Romanian Ministry of Agriculture for the Romanian Government.

Each project has contributed to a very important Wimpey

attribute. Our 'Know how'. That immeasurable fund of skill, experience, ability and plain tricks of the trade which makes the difference between a good company and a great one.

Wimpey believe that there is much more to the construction business than simply putting brick to brick. Or concrete to steel. And it is a belief that has helped make us the largest in Europe.

With a flexibility that can be rivalled by very few in the world.



## Know how

YOU'RE FREE TO CHOOSE WITH FREE ENTERPRISE



Left-IDV Distillery, Auchroisk. Designed by Westminster Design Associates. Right-Flaminda-Romania Irrigation scheme for the Romanian Government.



## Join the big plastics build-up

The building and construction industries are using plastics in an increasing number of new and exciting ways. Why? Because plastics are no longer cheap substitutes for traditional materials. They can improve product performance, reduce construction costs in an industry that is labour intensive, and provide a unique combination of physical properties.

**M & B Reinforced Plastics Ltd** have developed a high strength moulding for use with sewage treatment plant.

**Triton Plastics Ltd** have moulded special access panels from polyester sheet moulding compound for wallways surrounding the new Post Office telecommunications building in London.

**Warley Construction Ltd** used 750 sq metres of "Bordene" PVC clad aluminium sheet for relining part of London's Blackwall tunnel. The PVC surface is attractive, reflects light and is easy to maintain.

**Westbrick Plastics Ltd** have produced a PVC cladding system that has both an Agrement certificate and a Class 'O' fire rating. The profile gives the appearance of 100mm wide planks.

**BM Foam Insulation** were awarded the largest ever cavity foam contract using 'Beeble' UF cavity foam under the BIP Agrement certificate. Worth more than £1/3 million the contract is for insulating dwelling units in Scotland. The anticipated saving in fuel bills: equivalent to around 3000 tons of oil every year.

**Higon of Glossop** used 'Filon' GRP cladding panels which simulate conventional weather-boarding for a house contract in Derbyshire. The 'Filon' profile is just over half the cost of ordinary weather-boarding. The only maintenance: washing in lukewarm water.

### Join the second Industrial Revolution

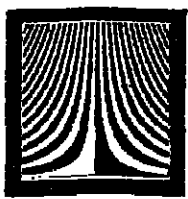
If you would like a broad introduction to some of the many ways plastics are being used today... plus specific information on how each of our specialist divisions may be able to help you, send for our new publication 'This is BIP'.



Think Plastics think



British Industrial Plastics Ltd  
PO Box 11 Warley  
West Midlands B69 4NF  
Tel: 021-562 1551



## The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

### ● NORTH SEA OIL AND GAS

## Working deep at one atmosphere

TO EXPLOIT the Interlek one-atmosphere seabed chamber concept—an all the year round access system—a new company, Vickers-Interlek, has been formed by Interlek Technical Services and the Vickers company. It will provide stiff competition for the Lockheed "shirt-sleeve" seabed personnel transport and operating unit. Interlek Technical Services is a design consultancy firm based at Liverpool. Its team was formed from people closely associated with marine and underwater engineering, particularly the nuclear submarine programme. Prior to linking with Vickers, it had been involved in the development of underwater engineering projects. The one atmosphere seabed chamber concept is intended to combat the complications in the maintenance and operation of water depth and unpredictable surface conditions, particularly in the North Sea. Conventional saturation diving techniques are particularly vulnerable to such conditions, but wet, atmospheric chambers installed around well-

head completion and control equipment on the sea bed overcome the problems and provide an uncomplicated "swimming pool" environment in which technicians can work.

Vickers-Interlek system provides a safe working environment with no fire or explosion hazards and a simple purging of contaminants. It has a distinct advantage in that it uses a tested Vickers technique for providing access to seabed chambers via submersibles (small, two or three-man submersibles).

To be able to provide an effective means of access without undue risk is a major feature of a seabed chamber system. Vickers Oceanics is offering a transfer service suitable for all the year round operations.

The development programme will culminate in the installation of a prototype unit in the North Sea to demonstrate access to and maintenance of underwater well-heads and other production units in depths well in excess of 150 metres.

Vickers Offshore Developments, Craven House, Barrow-in-Furness, Cumbria, LA14 1AF.

### ● MATERIALS

## Reduces the noise in lorry cabs

PRIMARILY FOR use in the automotive industry for sound insulation in vehicle cabs, as well as for private car tractors and building site equipment, sound insulation sheet in various formulations is available from Supra Chemicals and Paints, Hainge Road, Tivdale, Warley, Worcs. (021-557 9361). It comes as multi-layer sandwich system, which, according to application, comprises perforated or unperforated pvc skin over a foam or felt layer, with a high density heavyweight layer of bitumen, and mineral fillers. Intended to function as an acoustic barrier and/or noise absorber it is supplied in the form of pads or mats, in large sheets or pre-cut as required. Maximum sheet size is 1 x 1.5 metres. For a lorry installation the material would be 25 mm thick and weigh 7 kg/sq. metre—for a car, about half these figures. Sound reduction achieved is stated to be "substantial".

being made at the company's European headquarters at Dunstable, Beds.

Although heavier than conventional microstrip circuit the new line is claimed to come into its own where easy field servicing, rigidity, robustness, low loss and waveguide-to-coaxial transitions are needed.

The line uses a suspended substrate; it is based on triplate techniques but uses air as the dielectric instead of solid. Two precision-milled metal plates have mirror-image channels in them which form the dielectric paths. A thin double loaded substrate, suspended between the plates, sets up the required transmission mode.

Essentially simple, the technique also makes easy the inclusion of such functions as DC breaks, couplers and ferrite isolators. For the latter the company states it can achieve 0.2 dB loss per pass compared with 0.7 dB minimum with the garnet used in microstrip. Also, functions such as switches and limiters can be pre-tested, pre-packaged items, improving final reliability. More on 0582 601441.

### ● INSULATION

## More drive for Ufoam

CRITTALL "Warmlife" has until recently been offering its own brand of cavity wall insulation. To strengthen this part of its home improvement service to customers and provide national coverage, the company has decided to subcontract all such installation to ICI Insulation Service.

From now on, contracts obtained from private home owners by Crittall will be fulfilled by ICI teams using the "Ufoam Plus" system. Also, ICI will obtain the necessary local authority approval on behalf of customers. The agreement should make "Ufoam Plus" available to a larger section of the home-owning market. ICI, Millbank, London, SW1P 4QG (01-834 4444).

### ● ELECTRONICS

## Robust low loss line

A NEW KIND of microwave stripline technology has been developed by Microwave Associates in the U.S. and is now

### ● TRANSPORT

## Brings dock level with lorry deck

FEW MAKES of lorry in the U.K. have the same bed level and this causes load transfer difficulties in vehicle docking bays. The Compact Leveller introduced by C. Hunter (London) Gunter Road, Grays, Essex (0375 5155), can cope with vehicles with differences of up to 24 in. in bed height.

A hydraulically operated packaged unit, the leveller requires an excavation only 2 ft deep in the loading bank. Capable of taking 10-ton load, operation of the unit is automatic. When the start button is pressed the leveller rises, a lip extends and the unit "floats" down until the lip is resting on the vehicle bed. When the vehicle drives away the lip drops and the platform returns to a horizontal position level with the loading bank.

As the vehicle moves on its suspension, the leveller floats with it. If a forklift truck is on the unit, and the vehicle pulls away unexpectedly, the leveller locks into position until the truck is removed. The unit has a steel safety skirt, and in the parked position the vertical lip prevents tampering with the underside of the platform.

# Bristol

## The centre of the future

Bristol is under two hours from London and under one hour from South Wales. To the North and South West, the M5 makes communications equally good. Rail links are superb. Bristol has land, enthusiasm and—a big future. Come and join us.

Please send me details about Bristol as a centre of industrial development.

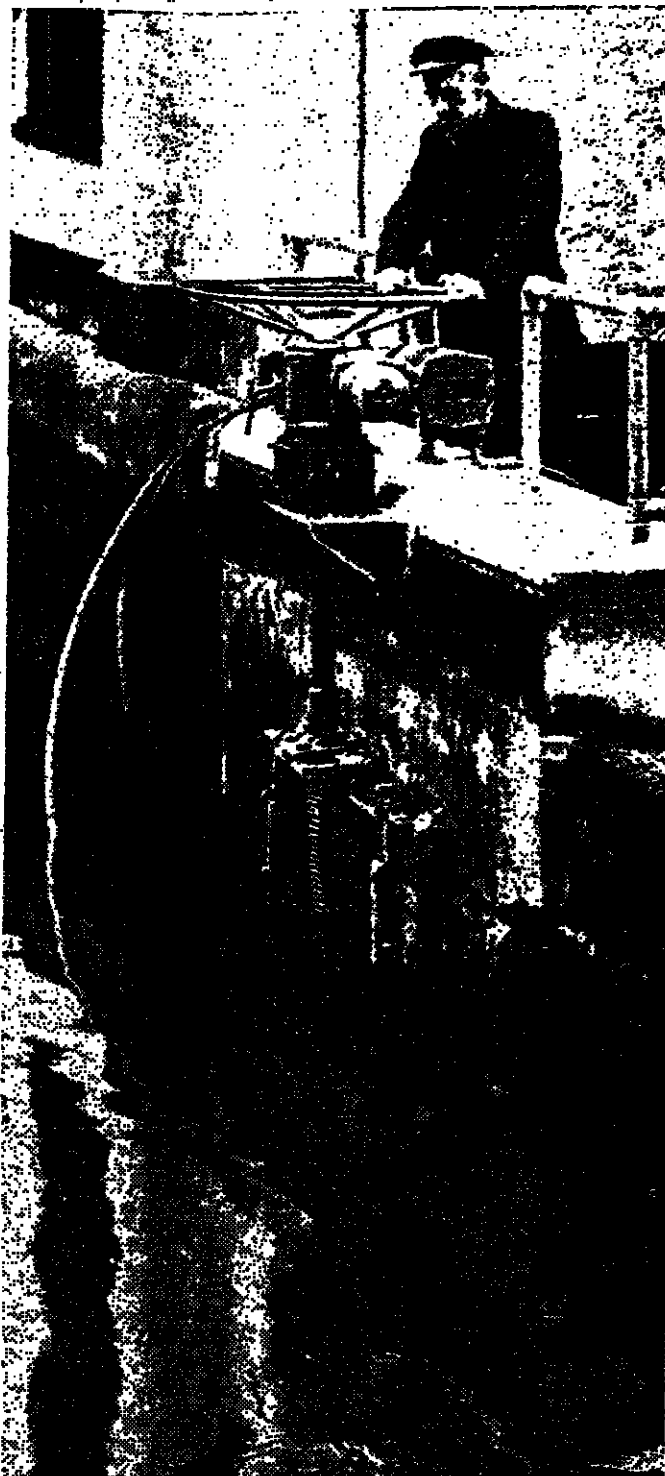
NAME

POSITION

COMPANY

ADDRESS

To: City Public Relations Officer,  
The Council House, College Green,  
Bristol BS1 5TR.



Opening and closing a penstock manually at "the waterfall," a Cheddar Gorge beauty spot in Somerset, used to take up to an hour and needed the combined energy of three men. Now it can be done in about 10 minutes with the aid of the Rotork actuator which has just been installed and can be seen in use here. The penstock regulates the quantity of water passing over the waterfall, and Bristol Waterworks Company staff make daily visits to operate it, if necessary, to maintain a satisfactory water level. The device was installed by the Retrofit Division of Rotork which has its headquarters in Bath.

### ● SAFETY

## Fog study by visual monitor

ROYAL Aircraft Establishment is to study the vertical structure of fog using a new visual range monitoring equipment, MET-1, developed by Marconi Radar Systems, a GEC-Marconi Electronics company.

Two MET-1 (Marconi Environmental Transmissometer Mk. 1) equipments are to be supplied for use by RAE at Bedford and Cardington, for joint Civil Aviation Authority and Ministry of Defence experiments. At Cardington, the MET-1 will be attached to a balloon and raised to and lowered from 1,000 feet to measure the vertical profile of visibility. At RAE, Bedford, it is to be used in conjunction with an existing Marconi IVR (Instrumental Visual Range) field site equipment. MET-1 will be installed on a 100-foot tower and, again, can be

raised and lowered. Developed by Marconi Radar Systems as a visual range measuring system for use on airfields, motorways, ships and industrial areas, the unit can be used where accurate measurement of visibility is required in the presence of fog, rain, smoke or other pollutants in the atmosphere.

Transmissometers detect the density of particles in the atmosphere. To achieve the high degree of accuracy and reliability self-calibration techniques are continually brought into operation to take account of contamination or component drift.

One of the main advantages of the new instrument is that it accurately measures atmospheric transmission using only a short baseline. This is a significant advance in technique and enables the two ends of the baseline to be mounted on the same rigid bar, resulting in a single compact pre-aligned unit for quick installation. The standard instrument operates over a folded baseline of 2 x 6 feet and weighs approximately 130 lbs.

MET-1 consists of a transmitter-receiver unit, reflector unit which are facing each other. The source used is an electron modulated light-emitting diode and the retro-reflector radiation to the transmitter to be focused on to a photodiode. The receiver incorporates a phase detector to provide an analogue signal-to-noise ratio. Analogue signals are sequentially displayed and ceased to drive a motor transmission and for com to visual range. Marconi at Chesham, Bucks, 0454 53221.

### ● COMMUNICATIONS

## Helps users to save on postage

UP TO 30 per cent, can be saved in postal charges through a Post Office rebate scheme. The rebate, variable on volume, is available to anyone who mails—in a single posting—over 4,250 items and is granted in exchange for pre-sorting mail to the local head postmasters' requirements.

Computer users, in particular, can take advantage of the rebate scheme by sorting on the post codes of address records for the pre-sort requirements. Obviously, the prerequisite of this operation is the presence of a post code for each address record on the computer file. However, partly because the allocation of post codes for the U.K. was not completed until 1974, many long-established computer files do not have a 100 per cent post coded condition.

Recognition of this problem has led a Birmingham-based data preparation bureau, Datapron Services, to introduce a new post coding service. They scrutinise address records and ascertain VI, can be from a standard eight-Code when it is missing. At the same time, post towns and county names are checked and amended to bring each address completely up to date for P.D. standards. Finally, the amended data is punch/verified for input placed in the PROMs. There are to up-date the computer file.

Datapron says the cost of its services can be recovered from postal rebates within twelve months. Currently utilising the new Any MOS PROM available can service is Coventry Economic be dealt with, and so can any Building Society. Datapron has likely to become available, checked and amended the plugging in the appropriate addresses of the society's printed board "personality" set.

### ● COMPUTING

## Programs several memories

READ-ONLY memories can be blank checked, programmed and read eight at a time using a PROM programmer introduced by Data I/O U.K., 11, Duke Street, High Wycombe, Bucks (0494 22525).

If desired the memories can be processed in position on the user's own circuit board, or a socket module can be employed. Each PROM can be programmed with the same, or a different truth table.

Input to the programmer, which is known as the model address, records and ascertain VI, can be from a standard eight-Code when it is missing. At the same time, post towns and county names are checked and amended to bring each address completely up to date for P.D. standards. Finally, the amended data is punch/verified for input placed in the PROMs. There are to up-date the computer file.

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### ● MACHINE TOOL

## Deep hole borers from Germany

SYKES Machine Tool Co. as U.K. agent will be showing a range of advanced West G machine tools at West 7 international exhibition machine tools at the N. Exhibition Centre, Birmingham from September 22 to Oct 1. Among the more important machines are two deep borers from the VDF Group.

For bores from 18 to 130 mm to a maximum depth of 10 metres, H. Wohlfahrt Hanover, has introduced B800P. It has a swing of 800 mm and will take pieces up to 6,300 kg. It speeds range from 90 to 150 rpm, and feed is infinite from 5 to 2,500 mm. A feature is the drive for the boring and carriages using thyristor-controlled dc motors.

Gebr. Boehringer, of Ugen, has evolved a special machine for deep boring operations on cylindrical workpieces. Called the "It has a swingover bed of 5 with a boring capacity of 1 to a maximum length of 10 metres. At the exhibition he is skiving and bursing hydraulic tubes of 100mm diameter and 1.5 metres long.

A single tool carries out operations, a pushing, a pulling, a skiving, a pulling cut for roller b, enabling tubes to be machined in two passes. The U.K. agent is at Cl Lane, Staines, Middlesex.

# RECORD SALES AND PROFITS

## HIGHLIGHTS FROM THE ANNUAL REPORT 1975/76

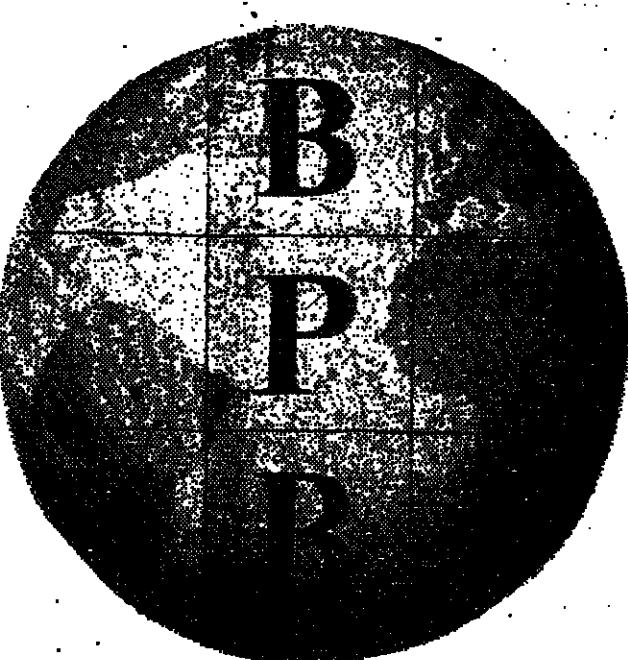
- The increase in profits came to a large extent from the Canadian and French subsidiaries and the high level of demand for UK gypsum products.
- Capital investment, authorised at 31st March 1976, but not provided for in the accounts, together with subsequent authorisations, totals £14 million.
- Group profits for the first two months of the current year are higher than those of the corresponding period last year.
- Continued growth is expected in the long-term demand for the Group's basic products.

Year to 31st March	1976	1975
	£000	£000
Sales	201,107	138,880
Profit before tax	19,261	11,602
Profit after tax attributable to BPB Industries Ltd	11,355	3,295
	pence per ordinary share	
Earnings	23.6	12.9
Dividend (maximum permitted)	6.206	5.729

Copies of the Report and Accounts may be obtained from the Secretary at Ferguson House, 15/17 Marylebone Road, London NW1 5JE

## PLASTER, PLASTERBOARD AND OTHER BUILDING MATERIALS

## PAPER, PAPERBOARD AND PACKAGING PRODUCTS



BPB INDUSTRIES LTD

Handwritten signature or mark at the bottom of the page.



# LABOUR NEWS

## Left-wing miners' fight on wage policy fails

BY ROY ROGERS, LABOUR CORRESPONDENT

Left-wing miners' leaders have failed to mount a sustained challenge to the Government's new 41 per cent pay key. Delegates to the National Union of Mineworkers' annual conference in Douglas, Isle of Man, defeated militants' moves to demand a 50 per cent rise in pay, instead of the 41 per cent recommended by the Government. Following a bitter debate, a vote came out 148,000 to 1,000 in support of the Government's offer. Mr. Gormley, who led the pay resolutions in light of the recent pithead lot in which miners backed new policy by more than 90 per cent.

## Felixstowe Docks call to drop ballot

BY OUR OWN CORRESPONDENT

WORKERS at Felixstowe Docks yesterday called for a ballot to be dropped. The results are due to be made known to the House of Lords Select Committee which is looking at the proposed takeover of the port by the Docks Board. Mr. Leslie Kemp, an official of the Transport and General Workers' Union, is to be the new chairman of the Construction Industry Training Board in succession to Sir Peter Shepherd. Mr. Kemp retires in October as the TGWU's national secretary for construction and as operations secretary of the civil engineering, construction and building union.

## Training chairman appointed

Mr. Leslie Kemp, an official of the Transport and General Workers' Union, is to be the new chairman of the Construction Industry Training Board in succession to Sir Peter Shepherd. Mr. Kemp retires in October as the TGWU's national secretary for construction and as operations secretary of the civil engineering, construction and building union.

## Inter-union dispute threatens Leyland Jaguar production

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

PRODUCTION of British Leyland's Jaguar saloons at Coventry is being increasingly disrupted by an inter-union dispute over seven workers in the press shop. They have left the Transport and General Workers' Union for Mr. Hugh Scanlon's Engineering Union. The attitude of the engineers' union in Coventry is unequivocal: "The seven are now our members," an official declared. "No other union has approached us about them in the past three weeks and, so far as I am concerned, they are my members until someone proves they are members of another union."

## Worker-director inquiry provokes union anger

BY DAVID CHURCHILL AND IAN HARGREAVES

ANGER and confusion have been provoked among major public sector trade unions by the way in which the Government is carrying out its inquiry into worker participation in nationalised industries. The inquiry, which is being conducted separately from the Bullock committee investigation into private sector participation, was launched earlier this year with a questionnaire from individual Government departments to trade unions in their sector. But the unions' response has ranged from apathy, annoyance and a feeling that the whole participation inquiry is a cosmetic exercise with little real meaning. Evidence just submitted by the Transport and General Workers' Union to the relevant departments "states that the union is 'not entirely satisfied' with the informal questionnaire approach."

## Lowry warns on pay

BY OUR LABOUR STAFF

LACK of flexibility in the £2.50 and £4 pay policy will make it impossible for large companies to "buy in" essential industrial relations reforms, according to Mr. Pat Lowry, director of personnel at British Leyland. Mr. Lowry, writing in the magazine Personnel Management, concedes that inflexibility will be helpful in keeping the policy points for guidance to which lack-proof, but warns that the policy may be subject to stress.

## ACAS fire brigade inquiry

BY OUR LABOUR STAFF

AN INQUIRY into the troubled industrial relations in the London Fire Brigade is to be undertaken by the Advisory Conciliation and Arbitration Service. The inquiry has been requested by the Fire Brigades Union and the National Association of Fire Officers, and follows a number of minor industrial disputes over the past few months. The latest dispute surfaced yesterday when firemen at Battersea, London, refused to work with a station officer who, they claimed, had "excessive views on discipline."

## Siesta demand

FIFTY WELDERS who refused to work in 100°F condition at a factory at Lytham, Lancs, have been joined by 200 other employees. The management at Quinton Hazell (Siencers) factory refused the welders' request for concessions for working in the heat wave. They wanted a two hour siesta and guaranteed earnings for a reduced workload.

## News by phone

A RECORDED daily news programme was introduced at the British Steel plant at Corby, Northants. Yesterday to keep workers informed of production figures, union activities and messages from management. Workers can hear the news on the plant's internal telephone system.

## World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on July 5, 1976. In some cases, rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated in terms of foreign currencies to which they are tied.

Abbreviations: (S) member of the sterling area; other than Scheduled Territory; (K) Scheduled Territory; (O) official rate; (F) free rate; (T) tourist rate; (N.C.) non-commercial rate; (N.A.) not available; (A) approximate rate; (N.D.) no direct quotation available; (S) selling rate; (B) buying rate; (N.M.) not made; (C) calculated; (E) exchange certificate rate; (P) based on U.S. dollar parties and going sterling-dollar rate; (B.K.) bankers' rate; (B.S.) basic rate; (C.M.) commercial rate; (C.N.) convertible rate; (F.N.) financial rate.

Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling
Arab. Saudi Arabia (Riyal)	20.37	Argentina (Peso)	16.63
Australia (Dollar)	1.49	Belgium (Franc)	36.36
Canada (Dollar)	0.72	Bolivia (Boliviano)	1.00
Denmark (Krone)	6.46	Brazil (Cruzado)	200.48
France (Franc)	6.55	Bulgaria (Lev)	10.00
Germany (Mark)	3.36	Cameroon (CFA Franc)	200.48
Greece (Drachma)	34.06	Chad (CFA Franc)	200.48
India (Rupee)	47.54	Colombia (Peso)	1,600.00
Italy (Lira)	2036.27	Congo (CFA Franc)	200.48
Japan (Yen)	163.60	Cote d'Ivoire (CFA Franc)	200.48
Kenya (Shilling)	100.00	Cuba (Peso)	24.00
Malaysia (Ringgit)	2.33	Cyprus (Pound)	0.70
Nigeria (Naira)	12.35	Czechoslovakia (Czech Koruna)	166.67
Portugal (Escudo)	200.48	Dominican Republic (Peso)	100.00
Spain (Peseta)	166.67	Egypt (Pound)	0.70
Switzerland (Franc)	2.00	El Salvador (Colon)	10.00
Taiwan (Dollar)	20.00	Equatorial Guinea (CFA Franc)	200.48
Thailand (Baht)	50.00	Ethiopia (Birr)	1.00
U.K. (Pound)	1.00	France (Franc)	6.55
U.S.A. (Dollar)	0.69	Germany (Mark)	3.36
Yugoslavia (Dinar)	100.00	Greece (Drachma)	34.06



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# Jenkins asks MPs' group to study register proposal

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT last night held out the possibility of making a new assessment of the U.K.'s immigration liabilities, defining the numbers who could still claim to come here and at last setting a limit beyond which no more immigrants would arrive.

Mr. Jenkins, Home Secretary, told the Commons he proposed to appoint a Parliamentary group of three members—Labour, Conservative and Liberal, with perhaps an independent chairman from the Lords—to look into the feasibility of setting up a register of dependants entitled to join husbands or families already in the U.K.

Pressed from the Opposition side by Mr. William Whitelaw, shadow Home Secretary, to establish such a register, Mr. Jenkins was less than entirely confident that this would solve the problem of getting the accurate statistics on U.K. commitment that all parties wanted.

But he proposed to ask the Parliamentary group to do its work within a specified time, and he promised that the report would be published.

In addition, he was considering action to prevent entry into Britain by people who based their claim to come here on a bogus marriage.

On the anxieties over the number of passport holders—African and Asian—who might still be expected to arrive here, the Home Secretary said it was now possible to foresee the end of this commitment.

If entry continued at current rates, nearly all those entitled to come would be here within the next two years, said Mr. Jenkins. "This commitment is finite."

But he agreed with Mr. Whitelaw that uncertainty was the root of fear and anxiety over the race problems that came in the wake of immigration. There was fear equally among the immigrant communities that the law along with anxieties over the provision of accommodation, school entry, jobs, welfare services and pensions.

These fears bred tensions which were inimical to good community relations, said the Home Secretary. The Government had to find the right balance between the need for limitation and the obligations of law and moral commitment.

The Government had no plans for an increase in the number of immigration vouchers, but Mr. Jenkins did not believe that cutting the numbers would help the problem.

There was no queue of people waiting to come here under the Home Secretary's commitment to a small extent in Malawi. "People are coming at a controlled rate and, in the overwhelming majority of cases, without the

loss of means and possessions which delay brought about in the past."

The Government's policy was aimed at keeping the numbers who needed public support when they arrived to an absolute minimum. Any decrease in the number of vouchers would almost certainly increase the numbers who needed support.

Mr. Jenkins stressed there had to be means of support for elderly parents or other distressed relatives before they were admitted.

It had to be clearly the case that the children settled here were able, willing and anxious to support their elderly relatives out of their own resources.

He said that MPs had to realise that for occasional, apparently harsh, decisions in particular cases were inevitable. This could not be avoided if the general acceptance of the need for control was not to be frustrated.

"Given the disparity between living standards here and on the Indian sub-continent, it is not surprising that contrived or false relationships or false statements about family circumstances may be claimed in particular instances," said the Home Secretary.

"It is not in the public interest for control to be frustrated by such cases to allow them through without the most careful investigation," he added. Husbands or fiancées admitted because their wives or brides had a right to be here, did not have a general right of entry for other members of their family.

The Home Secretary pointed out that this addition could not be avoided unless the U.K. kept out all husbands—which would be sex discrimination. It would affect the right of an English wife to bring in an American husband.

Mr. Jenkins concluded: "Tolerance is one of the greatest and the most traditional of British virtues and if that tradition is broken, we shall all suffer deeply, both minority and majority, and suffer for many years to come."

# Mrs. Williams rejects CBI prices argument

BY JOHN HUNT

MRS. SHIRLEY WILLIAMS, Secretary for Prices and Consumer Protection, yesterday rejected the contention of the Confederation of British Industry that the latest changes in the Price Code were totally inadequate.

During question time in the Commons, Tory MPs told her that the relaxation in the investment allowance had failed to satisfy the CBI and the Retail Consortium, and had come in for strong criticism.

But the Secretary of State replied that she found it difficult to see the CBI position as other than a bargaining one. She also dismissed the CBI argument that the abolition of the code would have only a limited effect on the level of prices.

"The CBI assumed that there would be a limited effect if the Price Code were abolished is not right. Their assumption is based upon a short period in which we have been passing through a recession. As we pass into a period of recovery, if the Price Code were abolished, we should see a substantial increase in prices."

Mrs. Williams came in for some sniping from Labour Left-wingers who feared that the relaxations were too great and would lead to higher prices which would jeopardise the wages agreement with the unions.

The Conservatives, however, argued that the bigger investment relief in the revised code did not go far enough and would be inadequate to persuade industry to increase investment in plant and machinery.

Mr. Norman Lamont, a Conservative spokesman on prices, told her that any impact which the abolition of the code would have on the retail price index would be minimal compared with the effect on the fall in the value of the pound which would occur if British industry was unable to restore its profit levels.

Mrs. Williams retorted that no Government could set the Price Code aside while expecting the unions to agree to strict wage restraints for the second year running. Any abandonment of the counter-inflation policy would be disastrous.

"My view is that the complete

abolition of price control would lead to the complete abolition of pay restraint. I can't imagine that that would create an atmosphere of confidence for industry."

Mr. Norman Atkinson (Lab., Tottenham), a leading Left-winger, said the improved investment relief could only be morally justified if it contributed towards a reduction in unemployment. He wanted further measures to ensure that the money went into stock building and creating jobs.

He also maintained that the Government should be preparing to ensure the smooth return to free collective bargaining. In Phase Three, next year, he wanted to see a situation "where we can freely bargain wages against fixed price ceilings."

Mrs. Williams told him that the monitoring system would ensure that investment took place. She urged him to accept that a situation where the rate of return on capital fell from 10 per cent. to 5 to 6 per cent. at the present time was not one which was likely to encourage firms to invest.

She recalled that Mr. Jack Jones, of the Transport Workers, had called for a controlled re-entry next year at the end of the new wages policy. "The same is true of prices," Mrs. Williams added.

"I envisage we shall be holding discussions on the kind of price control to succeed in the summer of 1977 in the near future with both sides of industry."

In later questions, the Secre-

tary of State said that since February 1974, when Labour was returned to power, the retail price index had risen by 52.6 per cent. up to the end of last May.

This led Mrs. Sally Oppenheim, Opposition prices spokesman, to predict that as the Government was failing to cut public expenditure, severely enough or soon enough, the rate of inflation would be 72 per cent. by the end of next year, taken from the time Labour came to power.

Left-winger Mr. Dennis Canavan (Lab., W. Sirlingshire) forecast that a relaxation in the Price Code would lead to an acceleration in the price index. The result would be that workers would be demanding stricter price control and would view the present inadequate system as "just another capitulation to firm."

But Mrs. Williams replied firmly: "Unless we can get a recovery in investment in the private, as well as the public sector, the country will have no long-term future."

She estimated the cost of running the Department of Prices, the Metrication Board and associated bodies will be £13.9m. during the current financial year, Mr. John Fraser, Minister of State for Prices, told the House.

Tory backbenchers criticised the cost at a time when Government spending was under review. But he told the: "I think the public gets good value for money from my Department."

# Threat to tolerant society

IF FEARS and resentment were allowed to prevail, the principle of fair and tolerant society would be undermined. They are seriously threatened, already, said Mr. William Whitelaw, deputy Opposition leader.

"Our objective must, surely, be that our immigration control procedures are strict and effective, while at the same time administered with humanity and fairness," he added.

Mr. Whitelaw called for tough action against illegal immigration rackets and an assurance on proposals for changes in British nationality law. The last Conservative Government had started to prepare those proposals and they should be ready by now.

A man who had come here some time ago, believing that one day he could be joined by his wife and children, should not be denied that expectation.

But he feared there was widespread abuse of the right to bring dependants here. "It would help to have a register of dependants. Heads of households who came here before January 1, 1973, should have the right to register their dependants."

A date would be set for the closing of the register, and those who came in on work permits in future, or to settle, would have to understand that they came in without any automatic right to dependants following.

Mr. Whitelaw said the commitment should be confined to wives and children, and since British society was monogamous a man should be entitled to bring in only one wife.

The Government should seek the co-operation of minority group leaders who had a clear understanding that the happiness and security of the immigrants already here depended on the tolerance of British society.

People must be told the whole truth, and be convinced they have been given all the facts.

Mr. Sydney Bidwell (Lab., Southall) said: "One of the fears of the elders of the communities in Southall is that they are tending to lose their grip

over the young people."

Mr. Winston Churchill (C., Stratford) said: "There is a deep bitterness among many ordinary people who thought one day they were living in Lancashire, and woke up the next day in New Delhi, Calcutta or Kingston, Jamaica."

This affected the poorest section of the community in particular. Areas started to decline once a large immigrant population moved in. Some people could afford to move out into new homes.

But a small group of people, many of them elderly, suddenly wake up to find themselves in Asia or the Caribbean. They do not like it."

Mr. Churchill said every MP would agree that there should be no second class citizens in this country. "No-one who is proud to be a citizen should tolerate any discrimination on grounds of colour or race."

Mr. Hugh Jenkins (Lab., Putney) spoke of "alarming" results in local elections where the National Front had increased its support.

He blamed overcrowding and long waiting lists for council houses among the host community for "a vote of frustration and bitterness arising from a sense of injustice which is not without foundation."

These people were not violent or racist, but their frustration and sense of injustice led to a toleration of violence and racialism and a protest vote at by-elections.

Mr. Alan Belth, Liberal spokesman, said some of the myths which had grown up about the topic of immigration must be dispelled.

One mythical impression was that this country was being totally over-run by aliens and people incapable of assimilation, to the extent that the indigenous population was shortly to be outnumbered. There was nothing in the immigration figures to substantiate this.

"The other myth that needs dispelling is that immigrants come here with the object of living a life of luxury on social

# Pressures on sterling

IN A WRITTEN question in the Commons yesterday, Mr. Tim Renton (C., Mid-Sussex) asked the Chancellor of the Exchequer whether the fall in sterling over the past three months was related to the growth of domestic credit expansion.

Mr. Robert Sheldon, Financial Secretary, replied: "Market pressures on sterling have reflected a wide array of economic factors. The most important of these, in my view, was the differential between our inflation rate and that of our principal trading partners, progress made in obtaining off-

# Cost of troops

MR. GWILYM ROBERTS, Labour MP for Cannock, is to ask the Defence Secretary, Mr. Roy Mason, in the Commons next week for the latest figures on the cost and number of British forces stationed in Germany, and for details of progress made in obtaining off-



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# an ticket outs-MP

30UR MP yesterday called a Government to outlaw who sell sports tickets at low value.

Gwilym Roberts (Lab., Ck) told the Commons that he was making their out of ordinary working. He was supported by Mr. Whitehead (Lab., Derby) who spoke of the "manicuring" of charity sports at touts.

Robert Maclellan, Prices and Consumer Protection Under Secretary, replied that these matters for the police.

Whitehead asked whether Government planned to the price check scheme to and entertainments. He inquired about the unilateral increases over the past two years by major sports and entertainment organisations such as the clubs.

Maclellan replied that he look into the price check scheme. But the price check could not be widened to sports and entertainment at this stage.

# Potato crop needs rain, Lords told

RAIN IN the next fortnight would be a crucial factor in this year's potato crop, Lord Strabolgi, Government agricultural spokesman, said in the Lords yesterday.

He explained that this year's crop had been planted in ideal conditions in an area 20,000 hectares larger than last year. "But recent high temperatures have caused serious doubts on the prospects of achieving a high yield over the U.K. as a whole."

"The crops in the southern and eastern parts of England, including Lincolnshire, badly need rain."

There would almost certainly be more potatoes from this year's main crop than last year, but supplies were not expected to be low yields.

Lord Strabolgi said the Common Market had had difficulty in drawing up a common marketing programme for potatoes because of the diversity of conditions within member countries.

Discussions in Brussels were still at an early stage and it was clear to the Government that the various points were unsatisfactory. But it was possible that further examination of the alternatives could produce a solution.

Lord Strabolgi repeated that Britain's policy was to be self-sufficient in main crop potatoes except in seasons of unusually low yields.

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# Mr. Nixon's evangelist

THEY SAT motionless on the Capital Steps in the steaming Washington summer of 1974—hundreds of them forming a great block of silent humanity, keeping vigil for Mr. Nixon. They came on the command of their leader, The Rev. Sun Myung Moon, evangelist, multi-millionaire industrialist, close supporter of the South Korean president Gen. Park Chung Hee, and would-be Messiah. The House Judiciary committee was voting for the impeachment motions which would lead to Mr. Nixon's resignation. The "moonies" as they are called, sat silently, adding one more eerie sidelight to the tumultuous last days of the Nixon Administration.

It was in the late 1960s, during the turbulent time of the Vietnam war, that young Americans began dropping out from school and jobs and turning on to political protest, drugs, and exotic religious cults. The turmoil has subsided now, but the search for new life styles has continued among the young. An estimated 30,000 have been attracted to the Unification Church, headed by Rev. Moon. However, the Unification Church differs significantly from many other new cults—by its deep involvement with national and international politics; its far-flung, successful business enterprises; its promises of world domination under Rev. Moon; its wide use of "fronts" to attract converts; and the isolation from family and friends it imposes on its followers, who live in group centres.

## Brainwashing

The Unification Church has spawned more than 100 related organisations and a variety of controversies. Rev. Moon has been accused of using his movement to promote the interests of the South Korean regime; of close ties with the Korean CIA (KCIA); of converting and brainwashing his followers through techniques of "slave labour" in his many business interests.

The moonie sit-in on Capitol Hill was the culmination of a Support Nixon campaign which served to propel Rev. Moon onto the national stage he had been seeking since establishing his church in the U.S. in 1960. The drive was launched suddenly and expensively when he appeared in the country from Korea in 1973 and announced a "Day of Hope" with full-page advertisements in major newspapers across the country. Rev. Moon proclaimed President Nixon a leader by divine right, and later was invited to the White House for a private audience with the President. The campaign continued with full-page newspaper ads, mass rallies, and street demonstrations in the U.S., Europe, and the Far East. In Mr. Nixon, Rev. Moon supported a losing cause and his many attempts since then to ingratiate himself with prominent Americans have met with an equal lack of success.

A planned seminar by an International Cultural Foundation, drew several hundred scientists and scholars, who had no idea of the Moon church's involvement with the event. When word leaked out that Rev. Moon would be making the keynote address, several well-known figures who had been promised \$3,000 plus expenses for their participation, withdrew. Undaunted by these setbacks, Unification Church members continue to work hard lobbying on Capitol Hill for aid to South Korea. According to one active church member, the movement maintains about 50 lobbyists, each of whom are given lists of congressmen and staff members to cultivate through dinner parties, discussions and anti-Communist film shows. Rev. Moon's purpose is a matter of wide speculation. In testimony before a House international relations sub-committee, Mr. Allen Tate Wood, former president of the Freedom Leadership Foundation, another Moon organisation, said he had met Rev. Moon in South Korea and was told the leader "had time for and access to enough influence in America so



Rev. Moon.

that he would be able to dictate policy on major issues." Of paramount importance, according to Mr. Wood, was the issue of guaranteeing unlimited American assistance to South Korea in the event of hostilities between North and South Korea. Former Moonies have explained that they were drawn to the movement by the attitude of love and kinship projected by the soft-spoken, clean-cut proselytisers and the opportunity to dedicate themselves to a cause which they felt to be good. Moonies are expected to perform with rigorous dedication. Most of them give their possessions to the church, and work gruelling hours as unpaid hawkers of candles, peanuts, dried flowers and other Moon Industry products, or they take to the recruiting circuit themselves. Kept busy working and praying for 18 hours a day, they have limited time for and access to their families. Many frantic

parents have responded by kidnapping their children and having them "de-programmed"—a process of constant arguing and preaching which sometimes convinces a Moonie to leave the church.

The message preached by Rev. Moon, who claims to have been visited by Jesus Christ, Moses, Buddha, and other religious figures, is that a new Messiah has come to establish the Kingdom of Heaven on earth.

He was born in Korea, will reunite the Korean peninsula into a "New Israel" and will defeat Satan (Communism), eliminating all evil from the world. Rev. Moon's followers are exhorted to support South Korea with their lives if necessary—to let him "be your brain." If he should fail, they should "march into the sea."

Rev. Moon lives with his second wife, eight children, and a staff of 35 followers in a luxurious 25-room mansion overlooking the Hudson River in Irvington, New York. A major part of his fortune is derived from five companies in Korea. It also draws on voluntary labour of his supporters. Moon factories in Korea produce heavy machinery, titanium, paint, pharmaceuticals, marble vases, shotguns and ginseng tea, reportedly reaping \$15m.

The church and its members have many U.S. investments including the recent purchase for \$5m. of the New Yorker hotel in Manhattan, which is to be renovated by free Moonie labour; a magnificent \$850,000 estate in Tarrytown, New York; and the New Diplomat Nation Bank in Washington in which church members are said to hold a 52 per cent. controlling interest.

The House international relations sub-committee studying KCIA involvement in U.S. political activities has heard testimony closely linking church members with that organisation. Reportedly, the KCIA has more than 100 agents in the country, working to keep the 300,000 Koreans (including nationalised U.S. citizens) from protesting against President Park's policies.

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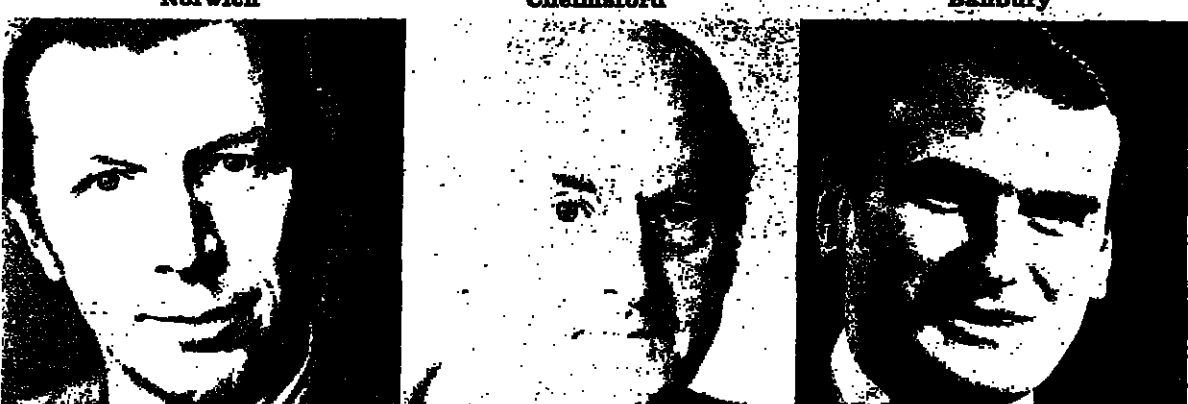
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# The Management Page

EDITED BY JOHN ELLIOTT

erry Dodsworth describes how innovations at the new Rover plant give the company a lead in certain aspects of worker relations

## An easier place to work

There is no question that the Leyland assembly plant for the Rover 3500 sets a benchmark for British works. Indeed, the factory is a world. It would be difficult to find a building as light, airy and roomy in any car company anywhere; and the management of the assembly incorporates ideas on work and worker comfort which, though inevitably derivative, are relatively novel in impact. The factory also provides a clear lead in J.K. in two important aspects of worker relations. The assembly lines have been laid out in such a way that they can be easily converted into a series of group working. The idea is to divide the 2,200 ft. long factory into a series of stations which can be together in sections workers move from job to job. Although this concept does not appear as advanced as the European plants, particularly in Scandinavia, where components like engines are put together by groups, it is a new departure for

the plant at one end, travel it is here, of course, that the line and are swung around on to another three lines in. From the commercial point of view, therefore, Rover has a real interest in making the plant a pleasant place to work in. It is at this point of assembly that the real quality is put into the car; and it is on quality that cars like the Rover manage to survive in competitive markets. The same point goes for the paint plant, a three-storey building erected at one end of the



The final finish and valeting stage of the new Rover plant at Solihull.

up working will only come being at Rover. If the press for it, but the innovation—employing on the assembly lines—has been tried on an experimental basis in the near future. n, of course, are a familiar sight in certain parts of the factory, mainly in trim securing departments. But it is the assembly line, where tends to be better paid, that is the real innovation. Some industrialists are in favour of mixing the production line with the assembly line, but they believe this tends to the aggression of all lines. And there is no that in the U.S., where working has gone down very

se points apart, however, ew plant will be a de- s easier place to work in most car-factories. Perhaps the most interesting innovation is a way in which the bly lines themselves have lifted well above the main plant. Bodies come in from the

to manoeuvre; and thirdly, the working atmosphere, removed from the bustle down below, is more harmonious.

The working area is also extremely well-lit and airy, a feature that derives from the design of the roof, built in a continuous, turreted shape in which each of the vertical sections is glass. Because of the large expanse of glass in the building it is unusually light all round; indeed, Leyland believes that for most of the year there will be little need for artificial lighting.

The three assembly lines are well over 730 yards long with only one bend; there are none of the tortuous twists and turns by transporter.

On the assembly lines themselves, however, manufacturers have no choice but to use men to fit the bits together. And

4,000 workers on the assembly lines and in the paint plant if it gets up to the target of 150,000 units a year. Given present technology in assembly methods a relatively large labour force is inevitable. The big opportunities for automation in car production are in large-scale component manufacturing—engine lines, for instance, lend themselves to mass production on large multiple-transfer machines—and in the body works where pressing and welding operations can be done to day with very little human intervention. In Rover's case the bodies are all made at Castle Bromwich, some five miles away, and are brought to the factory by transporter.

Most of the paint process is automated, with the spray booths using automatic sensors to recognise the shape of the car and apply the paint correctly, and the cars winding round between the top two floors in corkscrew fashion for alternate coating with paint and baking dry. But here again workers enter at a crucial stage to sand down the bodies and give them a smooth surface on which to apply the paint. It is in this process that much of the final quality rests, so it cannot easily be automated. Paint, indeed, is one of the most critical quality issues in a car plant. In many motor companies, well over 50 per cent. of quality problems are linked to the paintwork—so here again, investment in the best technology and working conditions could pay dividends.

## COMMUNICATIONS

BY KENNETH GOODING

# Why more talk is essential

"I WOULD GO so far as to say that I would not appoint a man to the job of managing director, however modest the size of the company, who was a poor communicator." So says Mr. George Ashton, managing director of one of the U.K.'s largest machine tool businesses—the machine division of Tube Investments.

Mr. Ashton insists that "the vital thing in British industry today is communication. I want people to be able to talk to their managers as the managers can talk to me."

This is fundamental to the open style of management Mr. Ashton has been introducing to Tube Investments, which last year had sales of £44.5m. and profits of £2.5m., since he took over a little more than two years ago.

Mr. Ashton has an engineering background, beginning with Austin Motor Company at Longbridge in 1940. He joined TI in 1948, where he has held a number of positions, becoming managing director of the machine division in February 1974.

## Serious subject

He maintains that communication "is a serious subject and not one to be treated as the latest gimmick in the process of industrial relations—we have all had gimmicks foisted on us in the form of the latest universal panacea and they are usually the product of the fertile mind of a consultant, invented for his own commercial advantage."

Mr. Ashton takes care to see that information flows "up, down and sideways." This means that there is horizontal communication as well as two-way communications flow. "Lack of communication is a failure of management," he says. "The exchange of information between departments or management can be achieved by this way applies only to Japan and there I believe, it is a heavily disguised autocracy."

Open management also does not mean that lines of responsibility are not defined. "It is absolutely vital that managers should be aware of their commitments," he adds. "However, it does mean that there is a willingness to discuss any matter ahead of taking a firm decision. Mr. Ashton adds: "This attitude of mind applies

flow, the stock position, the numbers employed, capital expenditure, new products and the coming year in perspective. The idea is to give employees a more or less complete picture of what is happening and only commercially sensitive information is occasionally excluded.

In the past most managers have only been good at communicating when there is something in the way of bad news to tell," says Mr. Ashton. "But you must be prepared to give the good news too, and prepare people for the bad well in advance. If we are sensible we must accept that communication between people is a fundamental need—it is a natural tendency for people to talk to each other and it is not always about the weather. It is entirely natural for people to be interested and inquisitive and one has to be a veritable moron not to be concerned about one's working environment."

Mr. Ashton also asserts that if information is restricted or if there is created a cloud of secrecy, "then people will invent information. This may well not be prompted by any feeling of malice but is often the result of someone making a deduction which, while reasonable on the face of the available facts, can be quite inaccurate."

But being "a good communicator" does not imply that a manager gives up his decision-making role. Mr. Ashton maintains that open management does not mean that divisional policy is arrived at by consensus and, as a result, represents something of a compromise. Neither does it mean that the machine division is as well as two-way communications flow. "Lack of communication is a failure of management," he says. "The exchange of information between departments or management can be achieved by this way applies only to Japan and there I believe, it is a heavily disguised autocracy."

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(or perhaps in this imperfect world I should say is intended to apply) to all levels starting with the relationship which exists between me and my division management committee. In accordance with our requirements," he says. "A regular check is maintained during the course of visits to companies and we occasionally ask for reports and practical examples of the ways companies set about their tasks."

Open management also means a willingness to amend or even reverse a decision if it becomes clear that a mistake has been made. Intransigence and stubbornness "lie at the root of many industrial problems when both sides take up untenable positions. Loss of face is some-

As to measuring the success (or otherwise) of open management with its stress on communication Mr. Ashton says: "We are looking principally at the way people meet exigencies. For example, one of our factories had to switch to a four-day working week earlier in the year. We will want to know how that was accepted and did it, for example, permanently damage industrial relations there?"

He feels that the method is producing changes for the good. "At one major plant recently the works convenor and the general manager jointly signed a document committing on the quality of production and rejection levels and asking for the full co-operation of everyone within the company. I could not see that happening without our system."

The message about profits is also gradually getting through to the shop floor, maintains Mr. Ashton. "We can show how success breeds success and how success makes it more easy to attract new investment. The shop floor seems to be beginning to realise that the management has to be credible in many areas and that the only obvious measure of success is profit and the ability to attract orders. They are also becoming more aware that you can only attract orders if you are highly competitive."

Mr. George Ashton, managing director of the machine tools division of Tube Investments.

thing else we should leave to the Japanese."

It also means that people who are candidates for management jobs, however junior, are vetted as to their ability to communicate. "I am not saying that a man or woman who cannot communicate is rejected automatically. In such cases it may be possible, if identified as a deficiency, to provide compensating support."

Mr. Ashton tries not to over-formalise the procedure for achieving the division's management style. The objectives are

for incentive schemes, the guide suggests that the value of it may lie more in the contribution its use can make the production planning, costing and manpower utilisation.

An Introduction to Predetermined Motion Time Systems, Department of Employment, HMSO, £1.10.

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# FINANCIAL TIMES SURVEY

Tuesday July 6 1976

## Japan

Although economic recovery suggests Japan has emerged untroubled from the oil crisis the last two years have forced the country to moderate aggressive trade policies and undertake an appraisal of its international position. The adjustments coincide with challenges to the ruling Liberal Democrats.

Charles Smith  
Staff Editor

AKIO FUKUDA, Japan's Prime Minister and his "overlord" must be calculating himself these days his foresight or luck.

Mr. Fukuda said at an stage of the recession followed the 1973 oil crisis that Japan would take two to overcome the im- effects of the crisis, which might take a con- siderable time longer. His pre- up to now, seems to be out just about right. The Japanese economy did recover properly early ar and is now set on a which will apparently growth rate of some- over 5 1/2 per cent. (the estimate) for the current year which ends next. Since inflation is also less under control (the year-to-year price rise 9 per cent.), and since lence of payments is almost unacceptably it would take a stic analyst to decide that mediate effects of the l crisis have not been it.

### Resilience

non-Japanese observers. ys. would be inclined to ther way and argue that experiences of the past rs have left no serious in Japan and that the is, by and large, back path from which it was truly diverted in 1973. Japanese themselves do m to feel this way. The ible resilience of the-

Japanese economy, as seen from the outside world, has to be contrasted with the feeling inside Japan that a lot of the major problems of adjusting a new world order still lie ahead. The tripling of oil prices in 1973 and the subsequent two year recession were familiar experiences for Japan in the sense that it had been coping with periodic balance of payments crises and regular but sudden checks to its fast economic development ever since the growth "explosion" set in after the second world war. Japan solved the 1974 payments problem by clamping down on domestic demand so that exports were forced out of the country and imports of industrial raw materials were drastically reduced. It dealt with the problems of recession and inflation by falling back on what might be crudely termed the "group instincts" of Japanese society. Japanese companies refrained from massive lay-offs of workers when their production levels fell (at one point in early 1975 the industrial production index was 20 per cent. below its 1973 peak). The labour movement showed its appreciation of this claim that it was emerging from forbearance by not demanding either in 1975 or in the spring of this year, the huge increases in real wages it had become accustomed to in the years of rapid growth. To complete the picture, Japan's business-oriented conservative leadership

showed a degree of finesse throughout the recession in judging how hard it should lean on trade unionists to moderate their wage increases and how far it should allow industry to solve its own liquidity problems. There were times when the Government seemed to be leaving too well alone and when either Japanese businessmen or Japan's overseas trade partners looked as though they might be about to crack under the strain. Throughout the summer of 1975 the Government was hesitatingly slow in coming out with measures to stimulate the economy, with the result that imports fell to very low levels and a number of countries built up unacceptable deficits on their Japanese trade.

### Collapse

A big bankruptcy at the end of the summer, involving the collapse of the Kohjin textile concern with debts of \$330m., was seen by some as the beginning of the end for Japanese industry. But the bank of Japan and the 13 major city banks stepped in to avert further failures, and by spring of this year industry could claim that it was emerging from the worst six months in its post-war history. The prospect now is for steadily recovering profits as the year goes on, for a recovery of real wages as overtime increases and eventually for a resumption of the capital investment that

BASIC STATISTICS			
Area	143,818 sq. miles.	Trade (1975)	
Population	111m.	Imports	¥17,174bn.
GNP	¥144,915bn.	Exports	¥16,572bn.
Per capita	¥1,3m.	Imports from U.K.	£306m.
Currency=Yen	£1=¥253.	Exports to U.K.	£673m.

has fuelled most Japanese economic recoveries in the past. But does all this mean that 1974-75 was just a bad dream and that the talk about a watershed in Japan's post-war development was exaggerated? It does not, for two reasons. First the oil crisis taught Japan that it could not go on for ever sucking in cheap raw materials and churning out manufactured goods without giving at least some thought to the impact of its behaviour on the rest of the world. The second reason is that Japan's political mood is not the same as it was before the crisis and will not be the same again.

The impact of the oil crisis on Japan's view of the outside world can be seen most clearly in the way Japanese attitudes to the Middle East have changed. Before the final quarter of 1973 the Middle East was to Japan a place which conveniently supplied some two-thirds of the country's crude oil imports but which lacked any other significance, either political or economic and, which EEC (certainly over \$3bn. this

year and perhaps as much as \$4bn.). But communications with the EEC have improved markedly over the past year or two partly thanks to the establishment of a permanent EEC mission in Tokyo and partly because the Japanese themselves have become more outward-looking. It is reasonable to predict that Japan-EEC relations will not run head on into crisis as Japan-U.S. relations did before the yen revaluation of 1971, although they will certainly remain uneasy. Matching Japan's more receptive attitude to the feelings of other countries has been the feeling—openly stated by diplomats and politicians in the past year or so—that the country needs to adopt a less passive posture in foreign affairs. The Japanese were worried when the Americans finally allowed South Vietnam to fall in the spring of 1975 and for a time at least seemed to feel that the security of the western Pacific could no longer be left entirely to the U.S. They shed one of their major disabilities in the conduct of international relations this spring when the upper house of the Diet finally ratified the nuclear non-proliferation treaty six years after it had been signed and long after Japan's allies had begun to suspect that it might be deliberately keeping the nuclear option open for itself. With that fear out of the way

Japan could well seek to play a more active role in future international debates of defence issues. It is not impossible that it may even edge up its own defence expenditure gradually to the point where it occupies a full 1 per cent. of GNP (the present ratio is about 0.86 per cent.). But to suggest that Japan has been shocked by the events of the past two years into full participation in world affairs as a medium-sized if not a great industrial power would be going too far. Japan has to work out its own identity before it becomes fully active in international relations. To do this it needs to settle some major domestic political problems.

### Problems

Japan's political system from the mid-1950s up to the present has been a combination of democratic institutions with permanent rule by a single right-wing party—the Liberal Democratic Party. The system has worked, fundamentally, because the LDP and the businessmen who support it have stood for the aspirations of most Japanese people over the past 20 years. The situation, however, is now changing since an ever-rising standard of living combined with real annual pay increases of 15 or 20 per cent. are no longer seen to be adequate or even attainable goals for the Japanese people. The LDP has had leadership

and identity problems of its own during the past two years. It shed a growth-oriented leader (Mr. Kakuei Tanaka) during the oil crisis, and put in his place a mild liberal (Mr. Takeo Miki), who is relatively popular outside his party but extremely unpopular with many people inside it. The party has two more big challenges to face in the next few months: one is the Lockheed affair, which will almost certainly come to a crunch in the late summer with the exposure and arrest of some well known public figures. The other is the general election due before the end of the year in which the party could, for the first time in its 20-year history, lose effective control over the lower house of the diet. Both Lockheed and the General Election will be momentous events for Japan, as significant—though probably a lot less spectacular—than the Watergate convulsions were for the U.S. But the process of readjustment and reorientation for Japanese politicians and for the nation in general will not by any means be over by the end of the year. Apart from the fact that there will be another crucial election in the summer of 1977 when the Liberal Democratic Party could lose control over the Upper House of the Diet, there are several far more basic questions to be settled. Japan has to decide, if it is not going to continue to be ruled by the Liberal Democrats alone, what sort of government it is going to have instead. This is by no means easy because the opposition consists of four ill-assorted "progressive" parties one of which, the Japan Communist Party, will almost certainly not be accepted as a coalition partner by the others. More fundamentally still, Japan has to decide what sort of society it wants to replace the "growth at any price" society to which it was committed up to 1973. Mergers between big Japanese companies, the restructuring of huge industries such as shipbuilding and the relative demoralisation of the Japanese Labour movement over the past two years are individual pointers to the fact that Japanese society and the nation's economic system no longer function harmoniously as a whole. The new system is going to take time, patience and imagination to develop—but the Japanese probably have enough of all three.

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Left: Prime Minister, Mr. Takeo Miki. Centre and right: two possible successors, Mr. Takeo Fukuda and Mr. Masayoshi Ohira.

## Shadows over the political scene

THE LIBERAL Democratic Party has completed another year in office, but more than at any time since its formation a quarter century ago, it has appeared in danger of reverting to its original self: a ramshackle coalition of conservative forces, brought together by necessity and holding together only out of a healthy instinct for self-preservation.

For most of the past 25 years the LDP has appeared to be forging an indissoluble union of the political Right. In the first place, that occurred as factions were thrown together, in different alliances under each Prime Minister, a process which invariably provided the "mainstream" that carried the party and Government through to its next incarnation. As often as not the "mainstream" while it lasted, functioned as a cohesive party-within-a-party that could be seen to be representative of the Japanese establishment as a whole.

Second, the party itself usually had enough money to give those who controlled the funds (namely the president and the secretary-general, the former being the Prime Minister of the day) considerable muscle. It was correct to think of this power as something different from factional authority, with which it co-existed.

For the past 18 months these conditions have not really held. The Prime Ministership of Takeo Miki was, to begin with, a compromise between the major factions. Theoretically that may have appeared to make the party more united under a single leader than ever before—mainstream and tributaries all running into one. But in fact it only meant there would be no ruling clique and therefore that there would have to be constant horse-trading between faction leaders over the legislative programme and government policy generally.

This was to paralyse government as seldom before. It was also to be constantly divisive.

The effect was compounded by Mr. Miki's inability—or, at any rate, failure—to mobilise and wield the money power that normally goes with his office. It is often said that he has no interest in money-raising activities. Perhaps so. However, the more likely explanation of his ineptitude in this respect is the presence of a secretary-general, Mr. Yasuhiro Nakasone, who is a rival faction leader. Usually the secretary-general is thought of as the man who con-

trols the purse-strings. And usually the secretary-general is a loyal lieutenant of the party leader. Split the functions and the Prime Minister is almost bound to be hamstrung.

The general rule of Japanese politics is that power is the fountain from which increased power springs. Faction leaders have supporters because they can afford to pay them the large sums that Japanese parliamentarians need to maintain their constituency organisations and keep constituents happy.

Faction leaders attract the large sums from the business community, because they are deemed to have political muscle. It tends to be self-perpetuating, to the extent that Mr. Kakuei Tanaka, the man who resigned the leadership in semi-disgrace in November, 1974, still presides over the largest faction.

Similarly Prime Ministers can be thought of as those who have won the ultimate prize, namely access to the central party funds and sources of revenue. This, too, confers power which they feed on itself.

However, it obviously has not worked for Mr. Miki. He reached the top when he was leader of the fifth largest faction. And he has had little opportunity to extend or consolidate his position.

The remarkable thing is that, after 19 months of almost non-Government, Mr. Miki is still nominally in the saddle.

This can no longer be explained simply by the factors which brought him the top job in the first place, namely the irreconcilable ambitions of two stronger rivals, Mr. Takeo Fukuda and Mr. Masayoshi Ohira, who was later supported by Mr. Tanaka. For a year or so it probably suited both men, both in the Cabinet, to let the situation drift along. To have done otherwise would have been to renew the power struggle, with no certainty about the outcome.

However, there was obviously a time limit on the truce which allowed Mr. Miki to stay in office. Mr. Fukuda is nearly 70 and cannot afford to wait around indefinitely. Also, there has to be a general election sometime in 1978. Both Mr. Fukuda and Mr. Ohira apparently thought the party would be driven to find a more effective leader before that, and of course each thought of himself in this connection, and no doubt calculated that it would be tactically most satisfactory to sweep into an election in the honey-

moon period that so often comes immediately after elevation to the top job.

A problem with this scenario, of course, is that Mr. Fukuda and Mr. Ohira cannot both be Prime Minister at one and the same time. However, there can be a deal which would, for instance, put the elder man, Mr. Fukuda, in for a predetermined spell, to be succeeded in due time by the other.

Meanwhile, however, Mr. Miki was sustaining reverses, a new fact appeared on the scene, Lockheed's disclosures of pay-offs (\$12m.) to agents and through allegedly officials and Government ministers.

The most political implications a revelation were that the LDP's opposition, which at the time, in February, were scrapping, lost time was in fact being it by skeleton rattling—a old scandal—in the C&P Party's cupboard, and seemed little prospect united opposition appeared time for the election.

Lockheed presented opposition with a cause, if they were to let it fall into their lap. Not only it corruption scandals, invariably been costly to Japanese government. There seemed no why Lockheed should exception, unless the completely muffled its.

In fact, the opposition not done at all well. At first all four parties Japan Socialist Party provides the rump opposition—Komeito and Democratic Socialists, in turn to the Communists together in boycotting parliamentary sittings for six in protest against the on which the Lockheed was to be conveyed Americans to Japan for action, namely in confid the public prosecutors.

This attempt to rouse opinion to the possibility cover-up failed, and in DSP broke ranks after six weeks, which government the court resume parliamentary business. Sure enough, the rest opposition limped back a fortnight later. Since opposition has been immobilised, with the deeply split about what electoral alliance should be sought with the Communist Party, which had grand alliance of all to earlier been revealed in such apparently been ruled things as semi-private exchanges both Komeito and DSP.

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فكرنا مع الائحة



JAPAN III

# Economy slow to settle down

BODY'S question about 1975 and there is undoubtedly in mid-1976 is exactly further scope for it to grow looked-like being a year. (and in the process push up GNP) now.

However, it stands to reason that consumption alone will not generate cumulative economic growth. Sooner or later there would be shortages of consumer goods which would be available, the price of the quarter, the GNP (inflation) rate was 14 per cent.

Improving export performance is a more solid foundation on which to build a boom. The EPA claims that exports grew at a seasonally adjusted annual rate of 60 per cent in January-March, after falling 2.4 per cent in 1975 (but having grown 47 per cent in 1974).

Nobody would deny that this is potentially significant, even if there are doubts that such a spanking rate of export growth can persist for any length of time (for example, for as long as a year, even).

## Expansion

However, the real stuff of a business upswing which would continue for a few years or longer is none of these. It would have to be productive investment by the private sector. That alone would ensure that enough goods are being churned out to satisfy domestic and export demands without rekindling inflation, thereby yielding the sort of cumulative expansion that was seen in the 1950s and 1960s.

This engine of prosperity has been switched off for more than two years now. Private capital outlays dropped 10 per cent in real terms in 1974-75, and by nearly as much again in 1975-76. (This was despite large increases in capital spending by some industries—probably steel—throughout the period.)

Up to now there has really been no evidence that the engine has sprung to life again. The latest figures show 2.2 per cent growth (seasonally adjusted annual rate) in the January-March quarter, which may be the start of bigger things, but then again clearly does not have to be.

Official surveys of capital spending plans for 1976-77 are no more conclusive. MITI has badgered the electricity and gas utilities into declaring they will increase capital outlays by 42 per cent, to \$8.5bn. Whether they will actually do so remains to be seen. Meanwhile, the rest of Japanese commerce and industry, operating under the wings of both MITI and the Ministry of Transport, has, in defiance of all coaxing, stated that its capital expenditure will be 2 per cent lower this year at \$18.5bn.

In real terms, the net effect of all that would once again be a decline in private sector investment (though steel should once more be an exception, with a projected 19.5 per cent nominal rise to \$4.8bn. in outlays; the motor industry is also expanding, with an 18.6 per cent increase to \$13bn.).

Needless to say, managements can change their minds. In the past two years they have invested less than they said they would. In the present climate of recovery it may seem safe to assume they will spend more

than originally intended in 1976-1977.

The question is: how much more? Until this is answered, it is not much good looking at the statistical picture for evidence of where the economy is headed over the next few years.

Advocates of rapid growth for the Japanese economy (few of whom are Japanese) usually say that Japan cannot help it, but must grow at a rapid rate because of the way factors of production combine in Japan. This is said to embrace various things, including the gusto with which the Japanese tackle certain kinds of work, and the relatively efficient way in which capital is applied to other factors of production (MITI directs it, preventing uneconomic duplication of facilities, ushering in new generations of industries, and so forth).

For the past three years the 6 per cent growth school has been telling the world that this is bunkum. In fact, it has been saying, Japan now has no choice but to grow more slowly than it used to, for reasons adduced for this being the by now well-known ones that (a) for the next 25 years Japan can expect real or artificial shortages of raw materials, (b) there is no room for further massive development in Japan, (c) the reservoir of underemployed manpower has been used up, and (d) clean-air and other environmental considerations rule out extensive further industrialisation.

More recently the EPA has thought of some other reasons for rejecting fast growth, giving pride of place to what it calls synchronisation of business cycles (world-wide, mainly due to floating exchange rates) making it dangerous for any country to adopt full-blooded expansionist policies.

Possibly, however, much of this is rather wise of the mark. Circumstances that could be slowing Japan down are likely to be much closer to home than the EPA seems to want to admit.

Among them could be the feeling in Japan that Japan is dangerously dependent on factors beyond its control (meaning factors under the control of others). This is only tangentially to do with physical shortages of raw materials, real or imagined. Its importance in Japanese thinking may seem perverse, because Japan has always been heavily dependent on the outside world, both for materials and markets.

However, there are two points to bear in mind here. The first is that while Japan grew fast it was consuming a rising proportion of commodities in world trade. This was cumulative and conceivably made the Japanese feel more exposed to supplier blackmail and other hitches in world markets all the time.

The second is that the stage had been reached in the early 1970s when, principally because of full employment, it was no longer possible to continue blindly the traditional formula of merely importing and producing materials. It became necessary to take factories overseas, to the pools of labour

## Steel

In addition, some industries have grown exceptionally powerful. Steel is the prime example. Uppon Steel is not only getting to be too big to be pushed around, but big enough to make others obedient to its assessment of the priorities. An economy dominated by a steel cartel may yet be a goer, but logically it would be a different animal from one commanded by the relatively open-minded (as between industrial priorities) bureaucracy.

However, all this is relative. There can be little doubt that the Japanese are sufficiently masters of their own destiny in 1976 to choose the tempo of economic activity they would like to engage in for the next five or ten years and probably much longer.

At the moment, the Japanese could still be making up their minds, though on the face of it the decision has been taken and the 6 per cent school has won hands down (and most businessmen are depressed about it, witness their reluctance to expand facilities). While that has the appearance of being a truly self-fulfilling national consensus, one might feel more confident about it if the implications of relatively slow growth—increasing higher taxation—had already sunk in fully.

As it is, they have not, and there is still the possibility that the evils of fast growth will on reflection appear to be the lesser of the two. The coming year should tell.

Peter Duminy

# Political scene

CONTINUED FROM PREVIOUS PAGE

At least part of the reason why the opposition failed to make more headway in March and April, is that Mr. Miki kept insisting that the Government was determined to expose the truth of the Lockheed affair, and the fact that the public appeared to believe him.

This introduces the fact that Mr. Miki has to date been the principal beneficiary of the Lockheed scandal. He is the LDP's "Mr. Clean." Probably he alone is capable of persuading the voters there will not be the cover-up which would undoubtedly increase many people. He therefore has, for the moment, become very nearly indispensable to the party.

Curiously, this fact does not seem to have been realised at all quickly within the LDP. Much of April and May were taken up with manoeuvres in the Party that were designed to finish the work of getting rid of Mr. Miki. Mr. Eisenshuro Shiina, the vice-president of the LDP, had been the kingmaker in 1974 and it was he who dimly sensed that the party bosses were now solidly against the Prime Minister. Thus it was that he "decided," apparently with the

active or passive connivance of all faction leaders other than Mr. Nakasone (and Mr. Miki himself) that the Government would be brought down by a number of strategic resignations at the end of the parliamentary session in May.

## Helped

That was when the penny dropped. The Press attacked the conspirators, Mr. Miki's popularity was reflected in opinion polls, Mr. Miki himself said he had no intention of budging; and there was apparently nothing the others could do about it. At least, nobody dared to force a confrontation.

In fact, the Americans unwittingly helped Mr. Miki again. This time his delivering angel was President Ford, whose proposal of another economic summit at Puerto Rico was seized by Mr. Miki for the breathing space it afforded him. It would offend the most hardbitten politician's sense of manners to topple a Prime Minister on his way to keeping a date of that symbolic importance for Japan.

Instead of head-on confrontation, the processes of consensus-building have started up again. In all probability, most members of the LDP hope that the Lockheed affair can be got out of the way quickly, and that Mr. Miki will then consider his work done and go quietly—if possible, making it appear voluntarily. That would then



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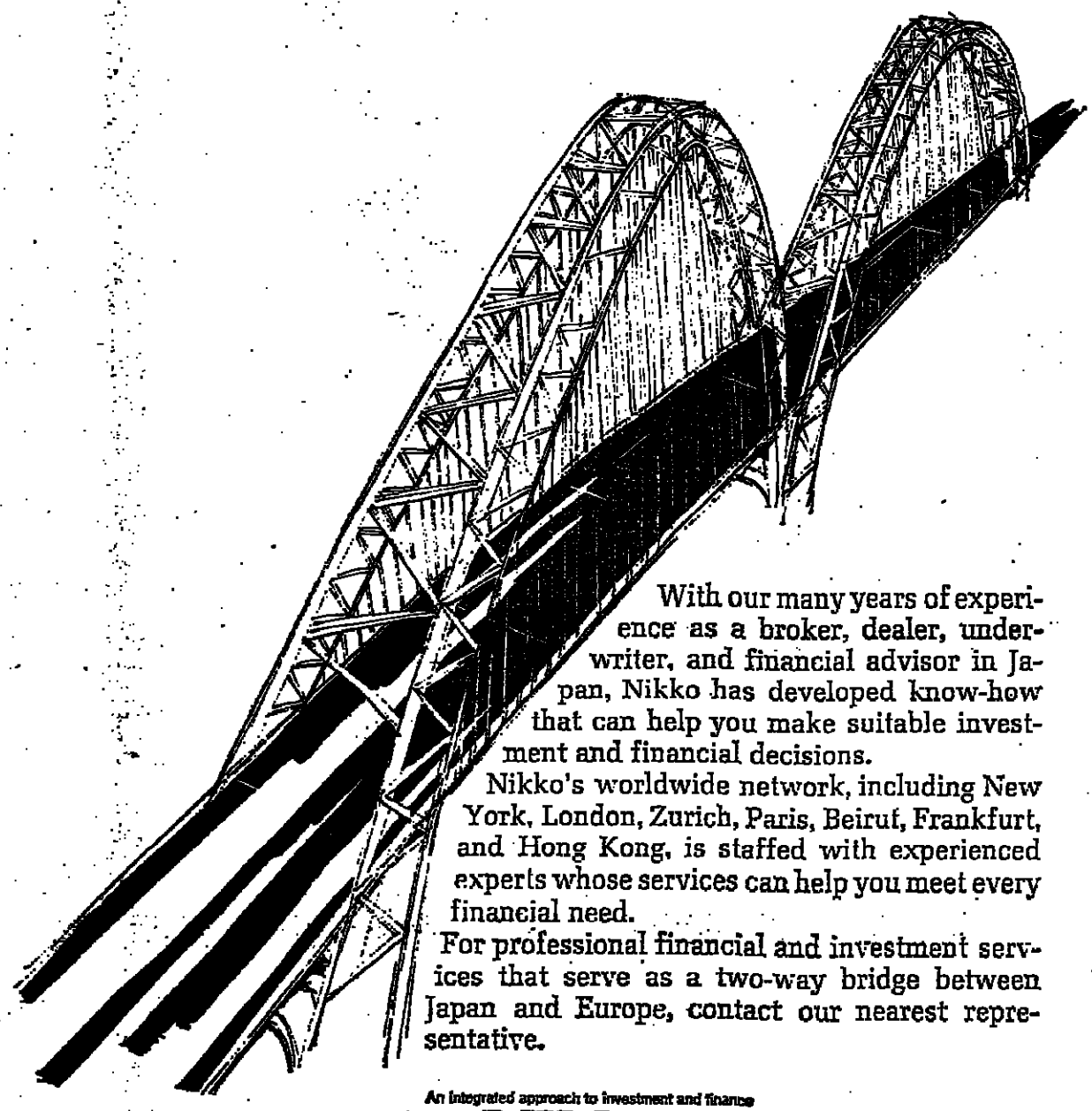
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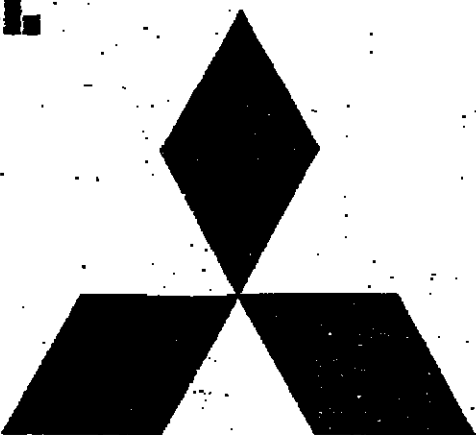
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## JAPAN IV

# U.S. relations remain close

IN THIS problem-centred world, about the only news I have to-day is that between our two nations there are no current problems of consequence." So said U.S. Ambassador to Japan James Hodgson in a speech on Japan-U.S. relations in Tokyo last September.

Since then, the calm waters have been ruffled a few times, but the Ambassador would probably be safe to repeat himself to-day.

The Lockheed payoff scandal, which first broke in February, was a political bombshell for Japan, and may have cost the ruling Liberal Democratic Party another fair slice of its already declining popular support. It may also precipitate the demise of Prime Minister Takeo Miki, who has come under bitter attack from within the party for his handling of the affair. But despite all the political infighting it has caused in Japan, the scandal has had very little impact on Japan's relations with Lockheed's home country. Both Governments appear to have taken care to ensure that their handling of the scandal did not upset the diplomatic apocryph.

In fact, because of security considerations, the two countries appear to have moved even closer together since the U.S. withdrawal from Indochina. Taking advantage of increased domestic concern about defence questions, the Government reached an agreement with the U.S. late last year to set up a "consultative mechanism" between Tokyo and Washington, designed to co-ordinate military operations of the two countries. And, a 180-page defence White Paper published last month emphasised Japan's close ties with the U.S. and called the U.S.-Japan security pact "an integral part of the basic framework of international relations in Asia which contributes to the stability of the world and the maintenance of peace." The pact continues to guide Japan's almost every move in the intricate diplomatic game with Washington, Peking and Moscow.

## South Korea

A vital element in that game for Japan, and one possible future source of trouble in U.S.-Japan relations, is the defence of South Korea, where 40,000 U.S. troops are still stationed to deter an attack from the north. Before the Indochina debacle, Japan had been indulging in the moral luxury of taking a critical line towards the authoritarian rule of president Park Chung-hee in Seoul. Afterwards, with considerable speed and agility, the criticism was muted, and Tokyo's fences with Seoul were mended.

Now there are fears in Japan of a possible change in U.S. policy in South Korea if Jimmy Carter is elected President in November. According to some reports, Mr. Carter is understood already to have initiated feasibility studies on the U.S. military presence in South Korea.

In the economic field, Japan-U.S. ties appear to have acquired an almost unbreakable strength. Despite recent Japanese worries about protectionist sentiment in some areas in the U.S., the mutual realisation of overall common interests continues to be the guiding light. The fears of protectionism must be seen in the context of a startling upsurge in Japanese exports to the U.S.

The U.S. is Japan's biggest single trading partner, accounting for about 20 per cent. of total Japanese trade: Japan itself ranks third in total U.S. trade—after Canada and the European Common Market—with a share of about 10 per cent. According to statistics from the U.S. Trade Department, which value both exports and imports free-on-board



Demonstrators outside the house of the first Japanese to face charges in Lockheed affair, the right wing businessman, Mr. Yoshio Kodama. He is all too ready to say that bribes he paid were "peanuts." The placard reads: "Government should announce the high officials who are black peanuts."

(FOB), Japan had a surplus in this massive two-way trade last year of \$1.9bn. But in the first four months of this year alone, the Japanese surplus had already reached \$1.6bn.

Japanese statistics, which boost the value of imports by valuing them cost, insurance, freight (CIF), actually showed the U.S. with a surplus of \$450m. last year, and recorded a Japanese surplus of only \$1.1bn. In the first four months of 1976, but these figures too, clearly show that a dramatic surge in sales to the U.S. has been a major factor in Japan's export-led emergence from recession. In April, for example, Japanese exports to the U.S. were up 53 per cent. from a year before to \$1.3bn. Japan's CIF imports from the U.S. in the same month were down 11 per cent. to \$899m.

Japanese Government officials insist there is no cause for worry. Explaining the Ministry of Finance view, Vice Minister for International Affairs Michiya Matsukawa said recently the strength of Japan's exports reflected largely a rapid pick-up in re-stocking overseas of Japanese exports, especially such major items as cars and electric home appliances.

International Trade and Industry Minister Toshio Komoto also said the same thing at the same time, denying that Japan had been artificially depressing the value of the Yen against the dollar to boost exports.

Even while predicting an upturn in Japanese imports, Mr. Matsukawa agreed that the surplus was likely to exceed \$6bn. in fiscal 1976, compared to

earlier official forecasts of only \$4bn.

The areas in which protectionist fears were most seriously entertained earlier this year were cars and special steels. In the first case, the fears proved unfounded when the U.S. International Trade Commission (ITC) dropped an investigation into alleged dumping by foreign manufacturers for lack of evidence. In the second case—to the apparent displeasure of the EEC Commission, which refused to accept U.S. quotas—Japan agreed to accept a 45 per cent. share of the quotas for a three-year period.

## Television

Japanese exports of colour television sets to the U.S. are also being investigated by the ITC for alleged unfair selling practices. Asked about this during a recent visit to Tokyo, President Ford's special representative for trade negotiations, Mr. Frederick Dent neatly sidestepped the issue by replying that the U.S. administration was separated by law from the ITC, and could not interfere. Mr. Dent volunteered only that it could take until September next year for a decision to be reached in the investigation.

U.S. sources in Tokyo say that since the oil crisis of 1973, the U.S. and Japan have come to see ever more clearly the mutuality of their interests as the first and second economic powers among the advanced industrialised nations.

To a large extent, the two nations have come to identify their interests in handling the north-south confrontation between the rich and poor

nations, as well as in rent Tokyo found of lateral trade negotiations in energy supply policy. Japan looks to the leadership in dealing with problems. At the same time, the U.S. sources here say the U.S. has found a new light in the picture of the U.S. relationship should be qualified by the observation Tokyo has by no means gotten about the "shocks" administered Washington in the ear—first the Nixon detente, then the suspension of convertibility dollar without consulting Japan, and then the Nixon Peking, which took completely by surprise President Ford's practices. Asked about this during a recent visit to Tokyo, President Ford's special representative for trade negotiations, Mr. Frederick Dent neatly sidestepped the issue by replying that the U.S. administration was separated by law from the ITC, and could not interfere. Mr. Dent volunteered only that it could take until September next year for a decision to be reached in the investigation.

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To a large extent, the two nations have come to identify their interests in handling the north-south confrontation between the rich and poor

## South East Asia cannot be bought

WHEN JAPANESE businessmen returned to South East Asia after the last Pacific war, they quickly built up important trade connections by catering to the needs of individual countries. In Indonesia it was development capital, in Thailand a modern trading infrastructure, in South Vietnam goods for a country still racked with a civil war.

Each of the southern countries saw an advantage in cultivating the fastest-growing raw materials market in the world. A two-way interdependence was worked into the relationship by Japanese exporters who made the region a testing ground for the competitiveness of consumer products later to make deep inroads into the U.S. and Europe.

Looking at the region to-day, the Japanese see a different landscape. The rich diversity of Asian countries and peoples has been polarized into two solid groupings—one calling itself the Association of South-east Asian Nations (ASEAN) and the former Indochina states now emerging as an influential socialist bloc.

Japanese trade diplomacy is gradually coming around to recognising this reality. South East Asia is no longer the docile backyard neighbour whose goodwill can be bought with reparations and trade credits. The Miki can be an activist statesman patching up misunderstandings with the smaller countries.

So far Japan has done little to adjust to the existence of the ASEAN, apart from giving its five members some time to seek internal harmony. The Prime Minister, Mr. Takeo Miki, made

known his desire to join the ASEAN summit in Bali last year but the community preferred to make its first top-level gathering a strictly family affair.

The post-Vietnam developments also caught Japan in a non-expansionist mood. The Government was preoccupied with containing inflation and raising a new head of steam in the economy. World trade was generally bad.

## Surplus

Asia as a whole (excluding China) suffered a 20 per cent. loss in its exports to Japan in 1975. ASEAN still had a surplus in its trade with Japan but this had shrunk from \$2.5bn. to \$440m.

But with the regional trade reviving this year there will be new opportunities for Japan to demonstrate its good intentions. Financially, they can be in the form of assistance to the industrial projects ASEAN has agreed to support as a group. More valuable diplomatically is the moral support Japan can offer. A hint of this was in Mr. Miki's spokesmanship for ASEAN and other South East Asian countries at the Rambouillet economic summit last year. If he can survive his political troubles at home, Mr. Miki can be an activist statesman patching up misunderstandings with the smaller countries.

Even during the recession years, when major overseas projects went begging for funds, Japanese investors made

a few key decisions suggested a partiality ASEAN countries. Choice of sites for an aluminium smelter, they went to Brazil, not to Indonesia. They also managed to attract additional loan of \$300m LNG venture at a time when many costly energy projects have had to be suspended the full recovery of the economy.

Kawasaki Steel pick Philippines rather than Australia as the location of shore sintering plant. There were arguments for locating a plant in Western Australia where most of the ore mined, but Kawasaki at the higher construction and the apparent proper Australian trade union work stoppages. The Japanese Government has like 100 per cent. power free material movement the deal was clinched. ASEAN as a club of minded nations has yet to in clear terms what it is for Japan. But individual members appear to favor Japan as usual. The large, as much as 30 per cent. of the group's exports to Japan, a proportion that its dependence on both it and the EEC.

The residual Japanese investments are just as considerable. At the peak of the overseas boom in 1973, over \$1bn. was invested in the ASEAN countries. Japanese investors made represented 38 per cent.

CONTINUED ON FACING PAGE



JAPAN V

# The European connection

RELATIONS BETWEEN Japan and the EEC are delicate and involved with one another in to remain so. But the trying to solve them. This of the past year has means that trade forms the that bilateral trading main channel through which can be solved by Japan and Western Europe con- at negotiation and need relations with each other. lead to a Europe-Japan war. Continuing frictions the link between Japan and ned with a continuing Europe. is much weaker than use in understanding of that between Japan and the U.S. other's problems are what because there are far fewer to be indicated as the two European companies repre- trends in future relations sented in Japan than there are en these two major American ones. Conversely, the powers. leading Japanese companies in worth pointing out at the that relations between and Europe are very by based by comparison say, Japan-U.S. relations and Washington have a shared interest in the of the Western Pacific and are working together plain that stability, chiefly in the U.S.-Japan security sent.

yo and London, or for that to Tokyo and almost any Western European capital EEC figures). This year some cares to name. have EEC sources have claimed the cal attitudes to most of deficit could reach \$4bn. rld's major political prob-

indicating something consider- ably smaller than this. The trend in any case, appears to be steadily upwards, and the size of the deficit in relation to total trade is remarkably large. It amounted to about 35 per cent. of total two-way EEC-Japan trade last year, whereas the EEC's deficit with the U.S. was about 20 per cent. of two-way trade.

## Trends

The EEC has been bringing these trends to the attention of the Japanese at regular intervals since the end of 1973 when the present twice-yearly consultations between EEC and Japanese officials were initiated. It has also kept up steady pressure on the Japanese for the reduction of imbalances in trade in individual products.

The classic example of a critical product in EEC-Japan trade has been, and remains, cars. Japan exported 370,000 cars to the Community in 1973 and bought only 26,600 in return. It would be too much to say that this imbalance is about

to be straightened out or even reduced: it will, as a matter of fact, quite probably be greater than ever this year because Japan's strict new emission controls are making it harder than ever for EEC motor manufacturers to export to Japan. However, the extremely difficult case of cars does indicate that Japan is not totally insensitive to complaints of unfair trading practices or totally unwilling to consider the demands of its trading partners.

The EEC has concentrated during the past six months or so on trying to get Japan to send its inspectors to Europe to check EEC cars for conformity to Japanese safety standards instead of insisting, as it had previously done, that all inspection should be carried out on Japanese territory. This may seem a relatively minute issue (although it has been the cause of a good deal of annoyance and unnecessary expense to EEC exporters). The point is, however, that it is an instance of successful pressure by the EEC, since Japan has now agreed to start sending its inspectors to Europe.

There are many other issues at stake in Japan-EEC trade. Another major one is what might be described as the eccentricity of Japanese safety regulations, which contain "qualitative" as well as quantitative requirements and which are in any case quite different in many respects from commonly accepted standards in use elsewhere. The Japanese have not shown much sign yet of wanting to standardise their rules on the international model, but the matter is at least being studied.

Other areas where Japan and the EEC have discussed trade problems and in some cases reduced frictions are: steel where Japanese exporters are now operating under a "voluntary restraint" agreement in the European market; textiles, where a newly negotiated bilateral agreement has liberalised trade in both directions; and shipbuilding where there has been mutual discussion of the industry's structural problems but where a degree of mistrust and misunderstanding evidently remains. After last month's "routine" twice yearly session between EEC and Japanese officials it was agreed to identify EEC products which were facing problems of access to the Japanese market (either because of non-tariff barriers or

because of distribution problems) and to seek ways of easing such problems.

Relations between Japan and Western Europe, of course, are not simply a matter of the bureaucratic channels that link the Japanese Government and the EEC Commission. There are also bilateral links between Japan and individual European countries which, at least until recently, were far more important than the Tokyo-Brussels link. Among the bilateral country - to - country relationships it is worth looking specifically at what has been happening between Japan and the U.K. because the U.K. is one of the major European trading partners of Japan and one which has a particularly serious deficit problem.

## Deficit

Last year there was a deficit of £363m. on total U.K.-Japan trade of £980m., and this year, judging by the performance of the first four months, the gap could amount to about £323m. The U.K. has a lot of the problems which face Europe as a whole with regard to its Japanese trade. It is the biggest European importer of Japanese cars and has had tragically little success in trying to develop a Japanese market for its own motor industry. Other British industries such as TV and ball bearings have felt the strength of Japanese competition and can trace some (though certainly nothing like all) of their current problems to this fact. However, the U.K. has managed to avoid an inward looking policy so far in dealing with Japanese trade problems. There has been no unilateral erection of barriers against imports, although there have been "voluntary restraint" arrangements for individual Japanese exports which have resulted from British pressures or requests. On the export side the U.K. has tried hard (at least the Government has tried hard) to develop the Japanese market by a costly but well-planned export promotion programme. Britain has an Export Marketing Centre in Tokyo, which stages about ten Government-sponsored exhibitions a year

and can claim to have been the starting point of a number of recent export success stories. There is also an Exports to Japan Unit inside the Department of Trade in London, which publicises opportunities in the Japanese market and tries to dispel the notion that Japan is too far away or too peculiar to be worth bothering about. It may be that this effort, which has received rather patchy response from British industry, has done no more than fend off disaster in U.K.-Japan trade relations over the past few years. It could also be, however, that the effort is about to bear fruit now that Japan is emerging from recession. Japanese imports are expected to start rising quite fast within the next year or so, although at present they are running only some 5-6 per cent. above the levels of a year ago.

Even if trade promotion efforts like that of the U.K. start to show results there will probably continue to be an imbalance between Japan and the EEC for years to come. This will be partly because of Japan's long start in developing the markets of Europe and to that extent European exporters must blame themselves for having let things get out of balance. The steps which need to be taken to produce a harmonious relationship include developing EEC-Japan ties in fields other than business (e.g. by cultural interchange) and persuading the Japanese that, if they want to run a trade surplus with Europe, they must also be prepared to invest there.

It is in the interests of everybody that Japanese companies should start manufacturing their products in Europe instead of just shipping them from Japan, and a few have already done so — for example the Sony factory at Bridgend in South Wales has been turning out colour TV sets since last summer. What needs to be done now is to persuade more Japanese companies to invest in Europe and to dissuade European businessmen or trade unionists who see Japanese investment simply as a form of undercover Japanese exports.

INUED FROM PREVIOUS PAGE

## South East Asia

investment capital absorbed awaiting a go-ahead from sm in that year.

atever new policies the may prescribe, it is hard ervice of any arrangement does not include a sizable arship with Japan. But has eese contributions are not to be spread evenly. The asia, with its exportable y resources, will continue a large share. A recent forecasts a 10 to 14 per Japanese dependence on tesian oil compared to only 8 per cent. on the still what R per cent. on the still what dictable production of are."

Philippines, more said. ely situated as an island ty is preferred as an invest- operation is the continuation of base to Thailand. Singa- appears to have reached its ation point in taking willingness to let a Japanese ese investments. A petro- cal joint venture between cession it should share with omo Chemical and the Mobil Oil and Aquitaine of- pore Government is still France.

## Grants

Japan is working hard to reopen its economic ties with the Indochina states. It offered the Hanoi Government financial grants of \$35m. as an earnest of its intentions and is negotiating for a further offering of \$15m.

But the results are slow to materialise. "We don't know R per cent. on the still what dictable production of are."

One promising area of av- operation is the continuation of base to Thailand. Singa- appears to have reached its ation point in taking willingness to let a Japanese ese investments. A petro- cal joint venture between cession it should share with omo Chemical and the Mobil Oil and Aquitaine of- pore Government is still France.

Another useful service Japan has offered is to act as an intermediary between the ASEAN countries and Indochina until they can restore normal diplomatic relations.

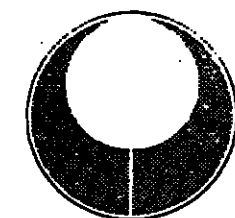
A treaty of friendship and co-operation recently signed by Japan and Australia contains a unique expression of common interest in the "stability and prosperity" of the South-East Asian nations. The paragraph was written into the document mainly on the initiative of the Japanese draftsmen.

Few other international treaties bind their signatories to such a cooperative role in working with the less developed countries. While no specific proposals have yet been advanced, the future holds some possibilities for spinning off benefits to the region from the rich Japan-Australia link.

Eduardo Tachica

# An inside look at the Japanese stock market

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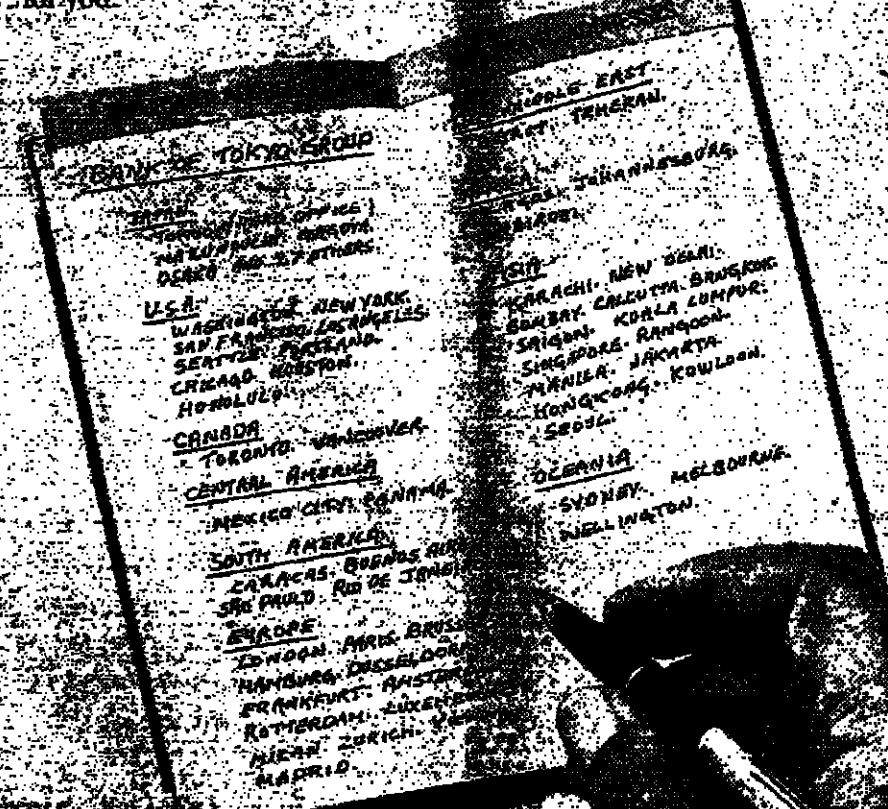


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## JAPAN VI

# Authorities accept the yen's world role

INCREASINGLY JAPAN has been allowing more yen to be used and held by foreign banks, traders, and governments to meet their growing demand for the Japanese currency and to reduce their heavy dependence upon the U.S. dollar.

This is a clear departure from Japan's previous policy of restricting as much as possible the amount of yen held or used by non-residents. But Japanese officials stress that Japan is proceeding only cautiously in implementing the new policy. One reason for the attitude is that they do not like to give the impression that Japan is trying to form a new "yen bloc."

According to Finance Ministry sources, the trend for non-residents to seek more yen has increased in the past six months, when Japan's balance of payments showed a marked improvement, particularly since Mr. Tarochi Yoshida, then Vice-Minister of Finance for International Affairs, visited South East Asia in February.

The amount of convertible "free yen" deposits, Japanese currency held by non-residents in Japanese banks, now total \$2bn., compared with \$500m.

five years ago. Ministry sources said. Japanese securities held by foreign investors amounted to \$6bn. at the end of 1975, of which two thirds were stocks and one third bonds, mainly held by foreign governments or central banks.

### Syndicated

More than 20 yen-denominated bonds (including some privately-placed) worth ¥350bn. (about \$830m.) have been issued in the Tokyo capital market since 1970, and the pace of flotation is expected to be accelerated in the near future. Since mid-1975, Japanese banks have made several syndicated loans in yen totalling ¥40bn. (\$130m.) and more loans of this type are being arranged, particularly for Asian countries, while they have been virtually banned from supplying dollar syndicated loans.

In recent months, the Bank of Japan has sold a fairly large amount of Japanese government bonds to foreign governments and central banks who apparently wanted to diversify their foreign exchange reserves, sometimes replacing sterling with yen. The Finance Minister,

Mr. Masayoshi Ohira, told the National Diet that the amount was \$300m., but monetary officials said he was referring only to a short period, and the actual amount of sales was much larger.

The countries included Nigeria, Saudi Arabia, Malaysia, Singapore and Australia. The sales were made through special yen accounts the buyers had opened at the Bank of Japan, where the bonds are held, on condition that they should be sold back to the Bank of Japan and not in the market, when the holders wanted to dispose of them. Officials said the transactions were made only because bonds suitable for investments by foreign governments or central banks, that is those expected to mature within a few years, were not available in the market.

What kind of role the yen should play internationally has been a moot question within the Japanese Government for years. The previous policy of curbing the international use of the yen as much as possible successfully defended it against speculation, but at the same time subjected the Japanese economy to heavy impact of

changes in the value of U.S. dollar.

When the United States officially stopped conversion of dollars into gold and imposed a 10 per cent. import surcharge in August, 1971, the Bank of Japan had to buy \$4bn. in one week before allowing the yen to float. In mid-1974, after the collapse of Bankhaus Herstatt, Japanese banks had difficulty in rolling over short-term borrowings from the Eurodollar market to support their long-term syndicated loans. At the time, the Vice-Minister of Finance, Mr. Tarochi Yoshida, said at a news conference that in the final resort Japan could use more yen for settling her foreign trade and thus reduce Japanese banks' overseas dollar borrowings.

### Signed

Contracts were signed between banks and short-term money houses to start trading in export and import bills denominated in yen, with the object of eventually developing a market like the banker's acceptance market in New York. Actual trading, however, has been very slow to develop, because Japanese banks are not

seriously interested in attempting unless the Bank of Japan supplies special foreign financing, such as during the bill of the official count rate of 6.5 per cent. Bank of Japan believes ever, that such a measure be seen as unfair export promotion by foreign count Mr. Fujioaka said in the that internationalisation yen has been along the major changes in the national currency situation world monetary system in Jamaica in January th is no longer a system that be supported by the U.S. Although the role played dollar is still great, it true the system cannot be tained by one single country.

That foreign countries hold and use the yen is a development, and it is responsibility to meet demand to a reasonable he said.

Mr. Masao Fujioaka, D. General of the Intern Finance Bureau at the Ministry, said in a recent zine article that Japanese owed about \$30bn. to the dollar market and U.S. of which more than ou was used for trade than the remainder for overseas. The Japanese bank find it difficult to increase borrowings to \$40bn. ne to cover a future inere trade, because intern liquidity at present is est at \$120bn. of which Japan cannot take so much. I said these borrowings Japan directly to furnish the Eurodollar market.

### Dollar

Mr. Fujioaka also said more than 20 per cent. anese exports are now de ated in yen, compared per cent. in 1973, but t of Japanese imports de ated in yen is still about cent.

Japan's demand for term dollar funds may duce, if she shifts part trade finance to ye Fujioaka said. This, how very hard to do, particu regard to imports, I Japanese banks and have been familiar with financing for so many ye said.

Mr. Fujioaka said Tokyo become a dollar market in nature to the Eurodoll ket within a very short of time, only if special m were taken for easing ex control and/or providi benefits. But it may be to create an internation market to shift part of finance to yen. Technical are being made to thi under the guidance of th of Japan, banking source

A. J. Newsome

Saburo Matsuo

## Foreigners reluctant to hold local stocks

OVER THE past ten years the Japanese stock market, as measured by the "new" all-share index, has rather more than trebled, while the total to this may be seen in the performance of specialist Japanese funds ran by groups such as Jardine Fleming, GT Management, Kleinwort Benson and Bridge Management.

Basically the criteria for stock selection did not change — high growth, recession resistance, sound finance — but the market's appreciation of these qualities certainly did. This was not surprising, seeing that overall corporate profits were nose-diving and bankruptcies soaring. Viewed in this light, the great discussion on the emergence of a two-tier market, which arose in Tokyo seems somewhat irrelevant, especially given the fact that high-growth blue chips had been knocked down to ludicrously low ratings in 1974 by foreign selling.

What actually occurred in 1975 was not the emergence of a two-tier market, but a correction of the one which came into existence in 1974. By the end of 1975, however, most of the outrageously anomalous ratings had been adjusted, and overseas investors who (at least in retrospect) found 1975 an easy year have subsequently been reassessing their portfolios. They have been taking the view that with corporate profits recovering very rapidly, it was important to strike a balance between "recession-proof" situations, and those which were hit, but which are now on the way up, basically working on the "rate of change of profit" theory.

### Inhibited

If these factors have served to restrain total foreign interest in Japanese stocks, they have also inhibited investors' choice of securities to the larger, internationally-known blue-chip companies and to rather small range of special, readily identifiable growth situations such as, say, the supermarkets.

Unfortunately, neither of these strategies were particularly successful either in the 1972 bull market made by over-liquidity in the corporate sector seeking consolidation of business relationships, yield and marketability, or in the subsequent bear market, where many foreign investors, having written off Japan in the wake of the oil crisis, combined to have a disproportionate effect on the prices of a limited number of fundamentally sound securities which were widely held outside Japan.

The sum of these experiences was not encouraging. But the situation changed drastically in 1975. In that year the Tokyo market rose by only 18 per cent., a gain which does not compare very favourably with New York's 37 per cent. and London and Hong Kong's 100 per cent. plus.

Yet most foreigners who bought in early (according to the accounts of the 11 integrated securities' houses, overseas investors became net

buyers of equities in January 1975) found themselves with gains far in excess of 18 per cent. by the end. A good guide to this may be seen in the performance of specialist Japanese funds ran by groups such as Jardine Fleming, GT Management, Kleinwort Benson and Bridge Management.

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So far interest has focused on good quality export-related issues, especially these in the motor and light electrical fields, where production rates have been soaring, and in which many companies have managed to reduce their breakeven points by intensive rationalisation during the recession. Again foreigners seem to have judged the market well, since Japanese institutions have been taking the same line. The only re-straining factor on these types of issues has been that individuals have not really been able to participate because of the relatively "heavy" share prices.

The experience of the last 18 months has been good for foreign investors' confidence not only because they have made high profits, but also because they have seen the Tokyo market react in a way that is readily compatible with Western fundamental investment theories. This has served to allay the often-voiced suspicion that Tokyo was a not-quite-respectable "insiders' market. It still is in some senses, but it has been encouraging to see sound fundamentals reflected so clearly in share price movements.

Certainly domestic professional investors are now taking much more account of fundamentals, as well as probing more deeply into certain aspects of Japanese corporate

accounts of which foreigners have usually been aware, but which have until recently been ignored by the market.

The two major examples are concealed profits, which are now beginning to be revealed with the revision of the commercial code, and the impact of consolidation. Companies will have to prepare consolidated accounts from fiscal 1977.

### Welcome

These developments are welcome, not only because they will facilitate genuine comparisons between Japanese and foreign companies, but because the market will naturally continue to adjust relative ratings to reflect true situations. Certainly the overseas investor should feel gradually more confident of his holdings, and this should eventually lead to wider foreign participation in Tokyo

This could apply particularly to U.S. investors, who, having

been confined by IET for many years to ADR Stocks, are still for the most part reluctant to make major commitments to the market because, on understated Japanese-style earnings, it looks much more expensive than New York and because of the lack of adequate information about all but a few internationally quoted companies.

Other factors which should enhance overseas interest in Tokyo are the development of viable bond markets, both straight and convertible, as well as the recent success of Japanese companies in raising finance (debt, convertible and straight equity) in the European and American markets. Basically Tokyo is maturing as a capital market. As it does so, and provided of course the economy remains strong and the politics reasonably stable, the likelihood is that foreign involvement will establish a decided upward trend.

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# Motor exports lead the way

WAS predicted, Japan's Toyota domestic registrations, noble industry is beginning to appear once more as a leader of the export boom. It is one of the basic of its economic recovery in 1976. Total vehicle exports in calendar 1976 should go over a record 3m. units, a 10 per cent. increase on the output of last year. The automobile industry at the top of the export boom is a sign of Japan's recovery from the recession. The industry's production of 3.5m. in the calendar year to May 1976, up from 3.1m. in 1975, is a sign of the industry's recovery. The industry's production of 3.5m. in the calendar year to May 1976, up from 3.1m. in 1975, is a sign of the industry's recovery. The industry's production of 3.5m. in the calendar year to May 1976, up from 3.1m. in 1975, is a sign of the industry's recovery.

total export figure predicted for 1976. These export forecasts include 1.16m. (1980), and 1.64m. (1985) KD units to be assembled abroad. This is a far higher growth rate for the period, at 11 per cent., than any other category, and reflects the anticipated growth of overseas investment by the motor industry from 1980 to 1985. But, although Japan's auto makers, and the big two in particular, are anxiously seeking to increase the percentage of local parts for KD assembly, or of parts brought in from outside Japan for domestic assembly (to forestall retaliation against over-penetration in the form of import ban or restrictions), there is little consolation for

the overseas maker who plans an export effort in Japan. The demands forecast for imported cars—an upper limit, on the most optimistic predictions, of 185,000 in 1980 and 380,000 in 1985—constitutes a not very significant factor in a total domestic demand of 4.85m. in 1980 and slightly over 5.0m. in 1985.

## Giant

Japan's motor industry consists of two giant groups, Toyota and Nissan, two independent, Toyo Kogyo and Honda, and two assemblers relating to U.S. makers, Mitsubishi (Chrysler) and Isuzu (GM). The Toyota and Nissan groups have run neck and neck since the mid-1960s, and their intense rivalry and almost

equal market share, way out in front of the field, have had much to do with the ability of the Japanese industry to hold down prices, make rapid increases in productivity, efficiency, etc. Of domestic registration in the January-May period this year the Toyota Group accounts for just over 38 per cent., the Nissan Group 30 per cent., Mitsubishi 8.6 per cent., Toyo Kogyo 8 per cent. and Honda 5.3 per cent.

The structure of the industry is little changed since liberalisation at the beginning of this decade, and is very close to the blueprint drawn by MITI (Ministry of International Trade and Industry) in the early half of the 1960s. Now there is talk of further mergers, or of independent groups joining with the big groups, and the consequent reduction in the number of assemblers. But it is far from easy to see how this might come about. In the first place, it is not by any means certain that the big two would welcome further accretions. They might regard growth as taking some quite different form. Again, the character of the independents, inherited from their founders, makes it quite unlikely that they would welcome incorporation by one of the big two, for both Toyo Kogyo and Honda are natural lone wolves.

There were persistent rumours not long ago that Toyo Kogyo could never survive the major financial crisis that confronted it. But Toyo Kogyo has been facing financial crises regularly during the past ten years and surmounting them, some how gaining the confidence of the bankers in the nick of time (Sumitomo most recently). Since it moved out of the mini car field (up to 380 cc) Honda seems to have been very successful: its 1975 export total (at 180,000) was nearly 60 per cent. up on 1974 and the new Civic 1600 (incorporating Honda's recent anti-pollution technology) is already a confirmed success on the domestic market.

If there is to be any change at all in the line-up of Japanese assemblers, it will most probably involve one of the U.S.-aligned category: Mitsubishi Motors is said not to be an entirely happy member of the Chrysler stable.

The more interesting—and Overseas projects will no doubt be revived in due course and Japanese steelmakers will have a big part to play because of their technological superiority. But it will take time to get started on the next round of expansion.

C.S.

## Steel

CONTINUED FROM PREVIOUS PAGE

tion back to about 110m. during the current fiscal year. The pace of revival so acknowledged to be fairly good. The industry produced 25m. tons in the first quarter (of the calendar year), 25.7m. tons in the second quarter and is estimating 27.2m. tons for the July-August quarter. Production will have to be over 28m. tons for the remaining two quarters of the fiscal year if the target is to be met. The various sources of steel plate has been d far from industries like and home consumer goods but sales of structural steel to the construction industry for shipbuilding are going up only slowly. The outlook is improving, but some markets, and prices, are tending to run behind of a year ago. In terms of the aim is to exports of about 24m. tons this year, some compared with last year's 31.4m. tons worth \$9.85bn. (the figures apply to the years beginning in April 1976 in March).

But this does not mean that the industry is preparing a big capacity increase to meet the next phase of Japanese economic growth. A large portion of the total planned expenditure (probably over 15 per cent.) is for anti-pollution equipment, while much of the remainder consists of ongoing programmes needed to remove the production bottlenecks referred to earlier in this article.

## Complexes

None of the big five Japanese steel makers is at the moment planning new integrated complexes within Japan of the kind that sprang up in such numbers during the sixties. Space may still exist for such complexes in the northern island of Hokkaido (it certainly no longer does in Honshu) but probably not enough for each of the big five to be able to go ahead on its own. Future new additions to Japan's domestic steel making capacity will probably be carried out on a consortium basis rather than individually.

Scope still exists outside Japan for major investments by Japanese steelmakers and one member of the big five—Kawasaki Steel Corporation—is now committed to two such major projects. Kawasaki is building a steel-making plant in the Philippines and committed itself recently to becoming one of the two foreign partners (the other is Finisider of Italy) in Brazil's \$2bn. Tubarao project. The logic of such moves is that Japan is running short of space for steel manufacture, that it cannot afford any more atmospheric pollution and that, in theory at

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Meanwhile the union's argument that higher wages were needed to stimulate business made little impression on employers. Japanese management took a united position on the wage issue early in the year (in contrast with its disunity in 1974), claiming that increases of between zero and "well under" 10 per cent. were the most that companies could afford. The Chairman of the Japan Chamber of Commerce and Industry, Mr. Shigeo Nagai, frightened the unions with the suggestion that some companies might have to cut wages in order to survive. More important, though less overtly expressed, was the warning that—even with a revival of economic activity—handsome wage awards might have to be



# Pollution still a hot issue

ANNUAL DRIVE to Save pared with a year ago—April Government Launched read orders for anti-air-pollution equipment by 25 per cent. from the average monthly figure for fiscal year 1975 and for anti-dumping its air and water pollution by 44 per cent. An easy explanation of this, possibly, was that Japanese Government and business spending always gets off to a slow start at the opening of a new fiscal year; but two or three years of economic recession have naturally put a touch of the brake on investment in pollution control, and at the same time given rise to less pollution.

As Japan prepares for an era of slower economic growth, which presupposes lower industrial investment, the magical words "cost-effectiveness" are coming into business conversations. Money spent on anti-pollution equipment is hardly productive where gross national product is concerned, and it may be argued that some of it could be used more effectively on investment that creates or preserves jobs, helps to stabilise prices and maintains international competitiveness. Now that the pollution "emergency" days are past, and Japan is learning to prevent as well as cure pollution, no doubt the nation will be taking a hard-headed look at various aspects of the problem.

Meanwhile, Japan is never at a loss for a bit of pollution news. Recently, newspapers' readers have been regaled with information that PCN, closely resembling PCB, may be fast contaminating the country. It is easy to appreciate why headline writers prefer more letters to words like polychlorinated naphthalene and polychlorinated biphenyl. Now it appears that many cases previously reported as PCB-pollution may actually have been PCB-PCN compound pollution. For a start the authorities analysed power-transformer waste oil discharged into a canal from a factory. At first it was said to contain a massive amount of PCB. Now the findings are reported to contain only 0.46 ppm (parts per million) of PCB but 10.9 ppm of PCN. "This indicates the possibility that rivers and seas throughout the country may have been already contaminated by PCN," was the message of one analyst. The trouble is that so far PCN has not been covered by the Chemical Substances Examination and Regulation Law of 1973 because it was not known how to analyse the substance. To be continued.

But before PCN supplants PCB in the pollution priorities, we may be hearing quite a lot about a "grand coastal development plan," as it is euphemistically called, down Kagoshima bay. Last year they paid them to, had fallen away com-

ends at the East China Sea. The prefecture (county) is rather proud of its long indented coastline, including a national park. But whether it will be so proud of it when "the world's largest central terminal station" for storing 10bn. litres of petroleum sprouts in Shibushi Bay, when two cities and 17 towns have been "developed," when a 300,000 b.d. petroleum refining plant and industries like food processing, machinery and metal, shipbuilding, lumber and housing, make their bow in the area, and the sea loses 1,100 hectares because of reclamation—that may be regarded as a good question.

In fact, this grand plan is a substitute for another grand plan that was rejected when local fishermen and coastal residents banded together in opposition. Now the protesters are gathering anew and are being joined by like-minded people in the next county who see themselves as potential victims of pollution spin-off. It must be disconcerting for a prefectural Governor who was only trying to provide another 23,400 jobs.

## Airport

It will be interesting to see whether Kagoshima's grand development meets with any more luck than Narita, across the bay from Tokyo, which is intended to be the Japanese capital's relief international airport. It is still waiting to get an aircraft off the ground after being ready for business since 1973. The protesters have seen to this, whether they are arguing about the petroleum that will have to be taken to Narita and stored to fuel the planes, the transport carrying passengers to and from the airport or the noise if the aircraft ever fly (there has been trouble at other Japanese airports, with residents filing suits to halt late and early hour flights and seeking compensation for past and future suffering from aircraft noise). One's good wishes go to the Japan Air Lines project team trying to overcome any inhibitions about noise or fumes by perfecting a "floating train" to link Narita with central Tokyo. Scheduled to cover the 80 km. in 14 minutes, the train would float over a guide track by magnetic force, driven by a linear motor system. When it finally arrives, it could be a ghost train if there are no passengers to carry.

Compensation is a frightening word in the context of Japanese pollution. Industrialists shudder when they think of the chemical company up the road who now have 800 mercury poison victims on their books to compensate. Last year they paid them Yen 3bn. (around £5.7m.), not

to mention the millions that went on anti-pollution equipment. Japan's PPP (polluter pay principle) is somewhat chastening.

No less a body than the University of Tokyo is taking issue over a proposed toll road in the lovely Nikko area. It so happens that it administers a famous botanical garden which would suddenly be only 50 metres away from the road, and it claims that exhaust fumes and noise would put the 40 species of animals, the numerous insects and 2,400 different kinds of plants at risk.

Anybody with a pet scheme is practically certain to find himself up against local environmentalists, and one eagerly awaits the autumn visit of the OECD's Environmental Committee to assess Japan's environmental policy. The committee is working out comprehensive programmes aimed at "creating an ideal environment for 24 OECD nations" (can that be possible?), and they have chosen to go to Japan because of its "progressive administrative and social drive against environmental hazards."

The committee will learn from the Environment Agency that a drop in fuel consumption and tight central and local government controls combined have cut emissions of sulphur and nitrogen oxides by 22 and 9 per cent. respectively, in a year. Water quality has also improved, owing to the close surveillance of pollutants discharged into the sea and the rivers, though oil leaks and thermal pollution due to heated water from electric power plants are still a problem and the increasing use of detergents is leading to eutrophication of rivers and lakes.

## Stringent

While every foreigner must admire Japan's desire to be pollution-free, and possibly envy its progress, this is a different matter from being asked to help achieve that goal. That has been the rub for would-be car exporters to Japan, the British among them. It is not the sort of problem plaguing Japanese car exporters—though in their domestic market they have to meet exhaust tests quite as stringent as those imposed on foreign makers. Japan Automobile Importers' Association is asking the Japanese Government to exempt foreign-built cars from the even more stringent 1978 emission controls, even more stringent, that is, than 1976 or 1977. After all, an importer has to live.

Some idea of the cost involved in meeting Japanese standards comes from the Aston Martin Lagonda company, which recently announced a £1m. deal to supply 80 luxury V-8 models to Japan over the next two years. The first car comprehensively tested to the latest specifications is on its way to Japan from Newport Pagnell after six months of trials, and when it gets there the Japanese will need to satisfy themselves that the regulations have been met. If so, the importer will get the go-ahead to sell his 80 cars. Aston are confident, but the equipment needed to meet Japanese legislation, such as platinum-treated exhaust catalysts, adds £500 to the retail price. Obviously, only a prestige car whose potential owner does not worry about money can carry this extra with equanimity.

And after this exhaust business, what? The Automobile Noise Specialist Committee of the Noise and Vibration Division of the Government's Central Council for Control of Environmental Pollution—a mouthful in itself—has come forward with a plan to control high-speed automobile noise in two stages, the first by 1979. A reduction of 6.5 to 7.5 phons in automobile noise at busy crossroads is visualised.

Whatever hair Japanese and foreign motor makers have left after meeting exhaust standards will be torn out as they strive to find the technology to quieten their cars. So far Japanese manufacturers have only trusted themselves to issue exclamations like "unexpectedly severe" and "unrealistic." Some fear, according to the Japan Economic Journal, that they will no longer be able to produce any vehicle on a commercial basis if such controls are enforced. Large truck makers, who would be the biggest sufferers, are looking for "some revolutionary sound-proofing technology or some futuristic change in the structure of our vehicles."

Perhaps the simple solution would be for the Japanese car makers to desert the domestic market and export their entire production!

Reginald Cudlipp  
Director, Anglo-Japanese Economic Institute



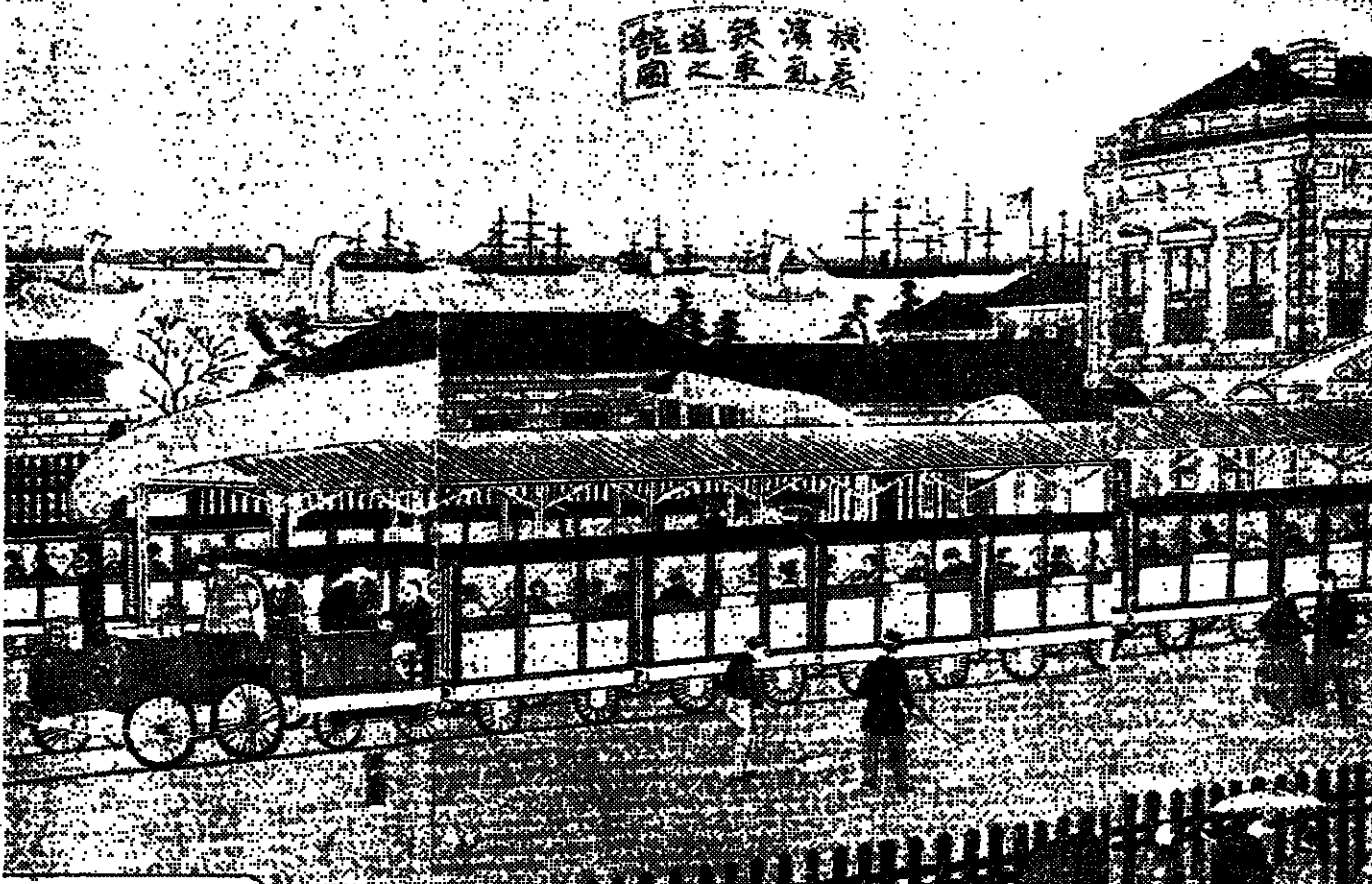
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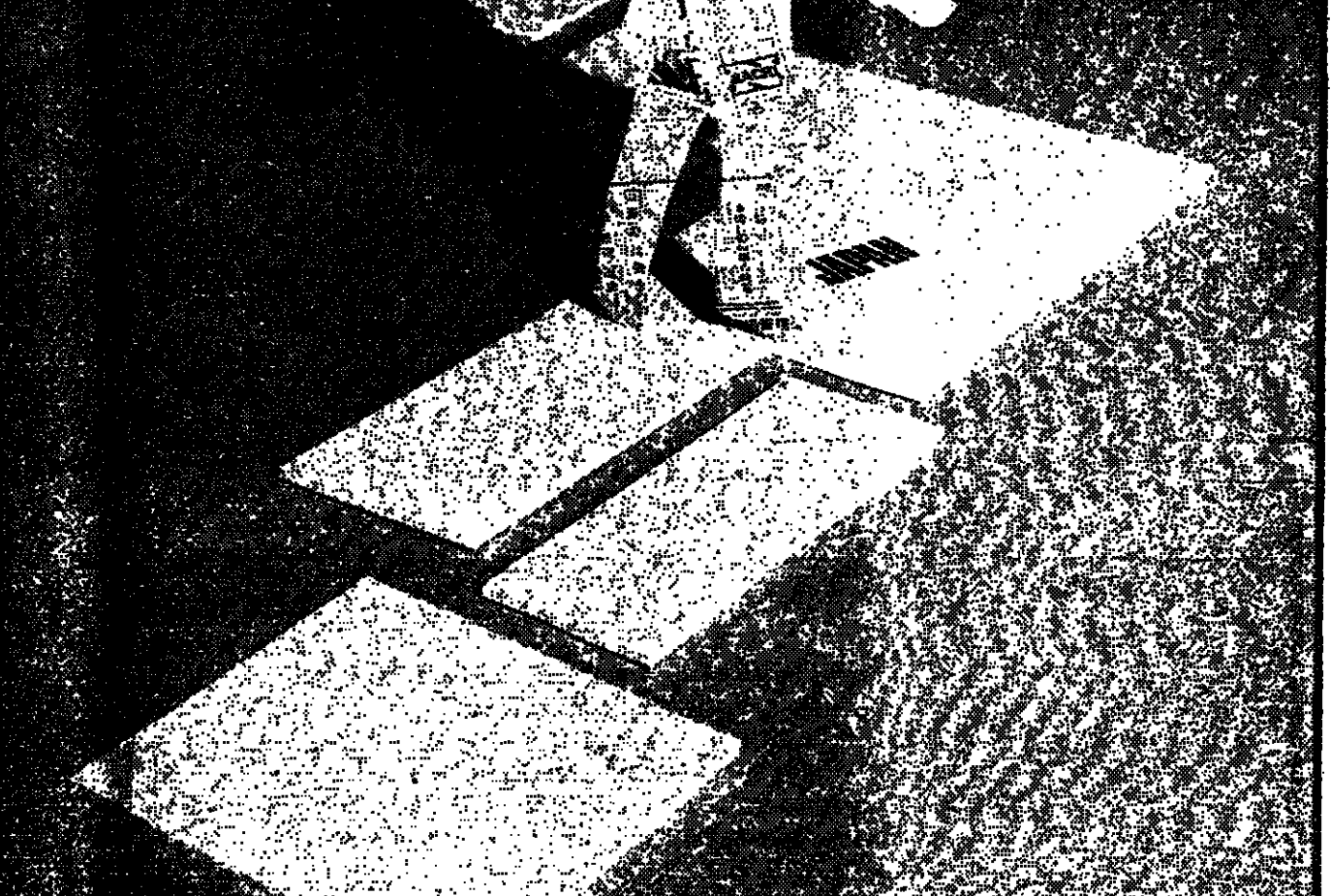
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## Labour

CONTINUED FROM PREVIOUS PAGE

conglomerates, is plan to redistribute about 800 employees (about 10 per cent of its total male labour force) to non-textile subsidiaries (ober). It is suggested that about 309,000 workers or some 2.9 per cent of the workforce of manufacturing industry may be moved to requirements (in addition, of course, to 1m. or so workers who are officially registered as unemployed). In three major industries the ratio of surplus workers to the total is given as follows: steel: one in six; general machinery one in nine; oil refining one in 13.

In the Japanese context it is impossible to foresee the sudden or drastic shedding of labour from these or any other over-stuffed industries. But the knowledge that problems of surplus employment do exist in some sectors has been a serious liability for the labour move-

ment in its campaign to keep members' earnings abreast with the rise in Japan's cost of living during the past two years. The Japanese labour movement is demoralised, as was indicated by the resignation of this spring's wage offensive of the two leaders of Sohyo, the larger of the two nationwide confederations of labour. Labour also has its own internal political problems. There is disagreement among union leaders about the desirability of including communists in a coalition of Japanese "progressive" parties which might replace the existing rule of the right-wing Liberal Democratic Party. Political disunity and uncertainty about the future have combined to make the labour movement more than usually ineffective during the past six months.

Atsuko Chiba



Body-mounting on a Datsun Bluebird assembly line.



## JAPAN XII

# Exports booming again after severe falls

THE POINT about Japan's trade performance which has been attracting most people's attention during the past few months is that exports are booming again. After a severe shrinkage in the second half of 1975, when the monthly figures were running as much as 14 per cent below the levels of the previous year, the corner seems to have been turned very soon after the beginning of the current year. In February, Japan was earning 8 per cent more from its exports than it had done a year earlier, and during the following four months the percentage gains varied between 10.5 and 21 per cent.

Some private forecasting agencies are now predicting that exports during the fiscal year which began in April and ends in March, 1977 may be 14 per cent greater than in the previous year, giving Japan a visible trade surplus of up to \$10bn. The Government disagrees: it thinks that exports will grow over the year as a whole, by a good deal less than 14 per cent, and that imports, which have so far been recovering fairly gradually, will pick up shortly as the overall economic recovery of Japan gets into its stride.

Although officials are reluctant to commit themselves, it would probably not be far wrong to guess that \$6bn, or so, would be the current "unofficial" estimate for this year's surplus. But the precise figure is unimportant. What matters is that Japan's five-month-old economic recovery has been exported in very much the same manner as the recoveries which followed previous Japanese recessions in the 1960s and early 1970s. It is also interesting to note that the outside world has reacted to this fact in rather the same manner it reacted to previous Japanese export booms.

Signs of official concern that Japan's recovery may have leant too heavily on exports have been coming from Europe recently, where the EEC Commission estimates that there could be a \$4bn deficit on 1976

DIRECTION OF JAPAN'S TRADE				
Percentage share of exports		Percentage share of imports		
1970	1975	1970	1975	
33.7	22.1	North America	34.4	20.1
15.0	14.4	Western Europe	10.2	7.5
25.4	22.5	South East Asia	16.0	18.3
2.8	10.0	Western Asia	12.0	28.0
6.1	8.5	Latin America	7.3	4.4
7.4	10.0	Africa	5.8	4.0
4.2	4.1	Oceania	9.6	8.8
5.4	8.4	Communist countries	4.7	5.2

trade with Japan. There have also been mild expressions of concern from the U.S., which was in deficit on its bilateral trade with Japan by \$1.6bn during the first four months of the year. The reactions of Europeans and Americans to Japan's trade performance, however, have not been identical, and the differences between them are instructive.

## Natural

To the U.S. what has been happening during the past few months is seen as a natural result of the fact that the American economy started to recover before the economies of other developed countries, thus pulling in imports from nations like Japan. The Americans also see the remedy for any continuing imbalance in U.S.-Japan trade in an exchange rate adjustment (that is an appreciation of the dollar against the Yen), which they think would occur naturally on the Tokyo foreign exchange market.

For the EEC the picture is a lot less reassuring. Japan's surplus with Europe has been growing year by year since the early 1970s and thus constitutes a "structural" problem. It is argued in Brussels, Europeans tend to be critical of Japan's alleged slowness in stimulating domestic demand, but they are probably less interested than the U.S. in the dollar-yen exchange rate and a lot more interested in solving what they describe as problems of access

for European exports to the Japanese market.

The difference of emphasis between the American and European approach to Japanese trade problems can be understood in the broader context of the way Japan's foreign trade has been developing over the past few years. U.S.-Japan trade, which once accounted for over 30 per cent of total Japanese foreign trade, has shrunk to about 20 per cent in the past five years but is better balanced to-day than it was in 1971 or 1972. It is also complementary in the sense that each country is in a position to supply things the other vitally needs (the Japanese sell cars, steel and TV sets to the U.S., but they could not survive without the food, industrial raw materials and aeroplanes they buy in return).

Japan's two-way trade with Europe has also declined as a proportion of Japan's two-way trade over the past five to six years, but Europe has lost ground rapidly (in percentage terms) as a supplier to Japan over that period, while it has just about held its position as a customer. The complementarity which is so obvious in U.S.-Japan trade is harder to discern in the case of Europe, since by and large the European nations are seeking to supply Japan with very much the same kinds of manufactured products that Japan is seeking so successfully to sell to them.

To broaden the context still further it is interesting to note that the pattern of Japan's

trade over the past five years or so shows a pronounced shift away from trade with other industrial countries, as a group, and a corresponding shift towards the developing world and the Communist bloc. The developed world's share of Japan's two-way trade during the first quarter of 1976 was around 40 per cent, compared with 43 per cent, in 1975, 45 per cent in 1974 and about 50 per cent in the years before the oil crisis.

Part of this shift can be accounted for the fact that oil came to account for an enormously increased share of Japanese imports when prices were quadrupled in 1973. A second factor has been the huge increase in Japanese exports to the Middle East which resulted from the fact that the Arab oil exporters suddenly had much more money to spend on imports. The trend towards more trade with developing countries, however, has continued during the past few months even though Japan's oil imports during this period have been tending to fall. There are reasonable grounds for believing that it represents more than a temporary shift in trade patterns. In any case it is being taken seriously by the Ministry of International Trade and Industry, which emphasises the subject in its recently issued White Paper on international trade.

Changes in trade patterns have yet to be clearly spelled out. But one or two points can

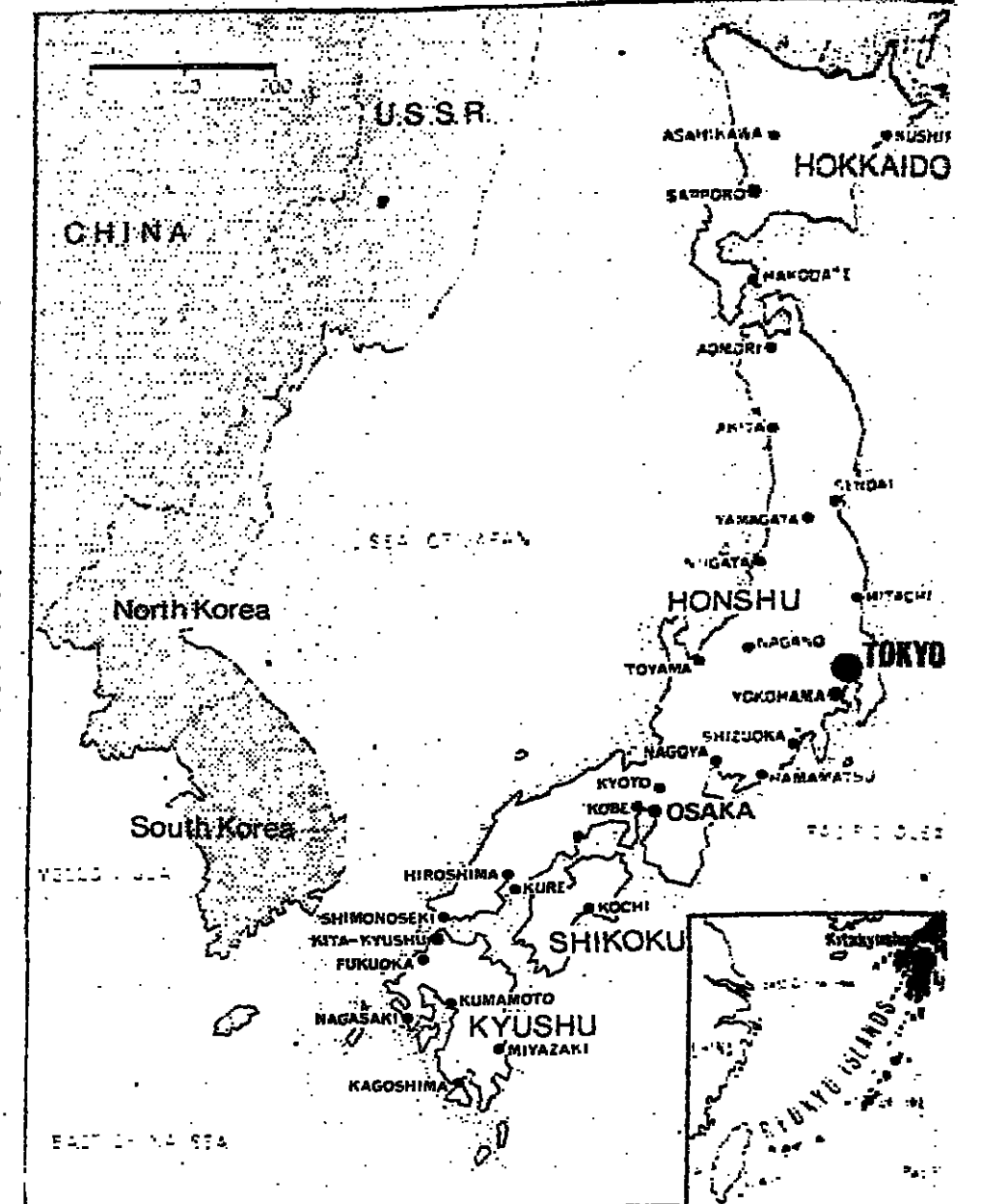
be made that are relevant to trade relations with both developed and developing countries. Perhaps the most obvious one is that a change in trading partners could lead to a change in the kinds of things which Japan exports.

For the past five years or more Japan's four major export products have been steel, ships, cars and chemicals, with electrical consumer goods also playing a major role. At least some of these items are clearly easier to sell in developed than in developing markets (cars and electrical goods are perhaps the two outstanding instances). Conversely, Japan has not in the past been a very strong exporter of some types of goods for which the main market is the developing world.

The main gap in Japan's export performance in the past has been industrial plant, but it is a gap which may very soon be filled. Plant exports were up last year by 35 per cent, to \$4.8bn, and ambitious targets have been set for 1976. Japan has not been a technological leader in plant manufacture (except in a few specialised fields) until recently. It lacks the financial apparatus for backing sales of expensive plant to relatively poor countries and, of course, it lacks the cultural and political links which have helped countries like the U.K. or France maintain their dominance as plant exporters to some parts of the developing world. All these deficiencies are being noted nowadays and quite a few of them may shortly be made good.

## Investment

Apart from stressing plant exports Japanese official spokesmen on trade are now paying quite a lot of attention to the problem of trade relations with non-oil developing countries. Japan's big surpluses with many of these countries (for example, with the majority of east and south east nations other than oil-producing Indonesia) are the cause of as much friction as the imbalance with Europe, Japanese industry. Investment,



and are perhaps regarded with a little more concern by the policy makers in Tokyo. The remedy for the time being seems to be to increase raw material imports and to reduce fluctuations in trade caused by changes in the level of domestic economic activity in Japan.

At one remove from the problem of balancing trade is the outlook for overseas direct investment by Japan. Major Japanese investment projects, such as the huge Asahan aluminium project in Indonesia, the involvement of Japanese steel companies in the Philippines and Brazil or the possible involvement of the Japanese chemical industry in Singapore, have come to be seen recently as valuable contributions to these countries' economic development, rather than expressions of the aggressiveness of Japanese industry. Investment,

properly handled and given the right political climate in the recipient countries, could thus prove to be an important means towards the harmonisation of Japanese overseas trade relations.

This could be true of Japanese trade relations with Europe. But for the time being there is not much evidence that Japanese companies are in a hurry to start manufacturing in Europe. The products they are now exporting from Japan. Nor does it look as if an influx of Japanese investment would be very welcome among potential European host countries. The problem of the Japan-Europe trade imbalance thus remains without a solution and, rather sadly perhaps, of more apparent concern to the Europeans than the Japanese.

The impact of changes in the pattern of Japanese trade on the

rest of the world will depend on the speed at which the Japan trade itself expands the past that is up to the time of the world of Japanese exports and imports grew at about twice the rate of world trade. In 1976, a net shrinkage, and the new period of "new" growth forecast for the J. economy trade will also expand more slowly hitherto. However, Japan not yet have finished the process of moving up world export tables, and its exports remain very competitive. Continued rapid growth plus a visible trade surplus (by a deficit on imports by capital outflow) can be the two most certain characteristics of Japanese trade in the next five years or so.

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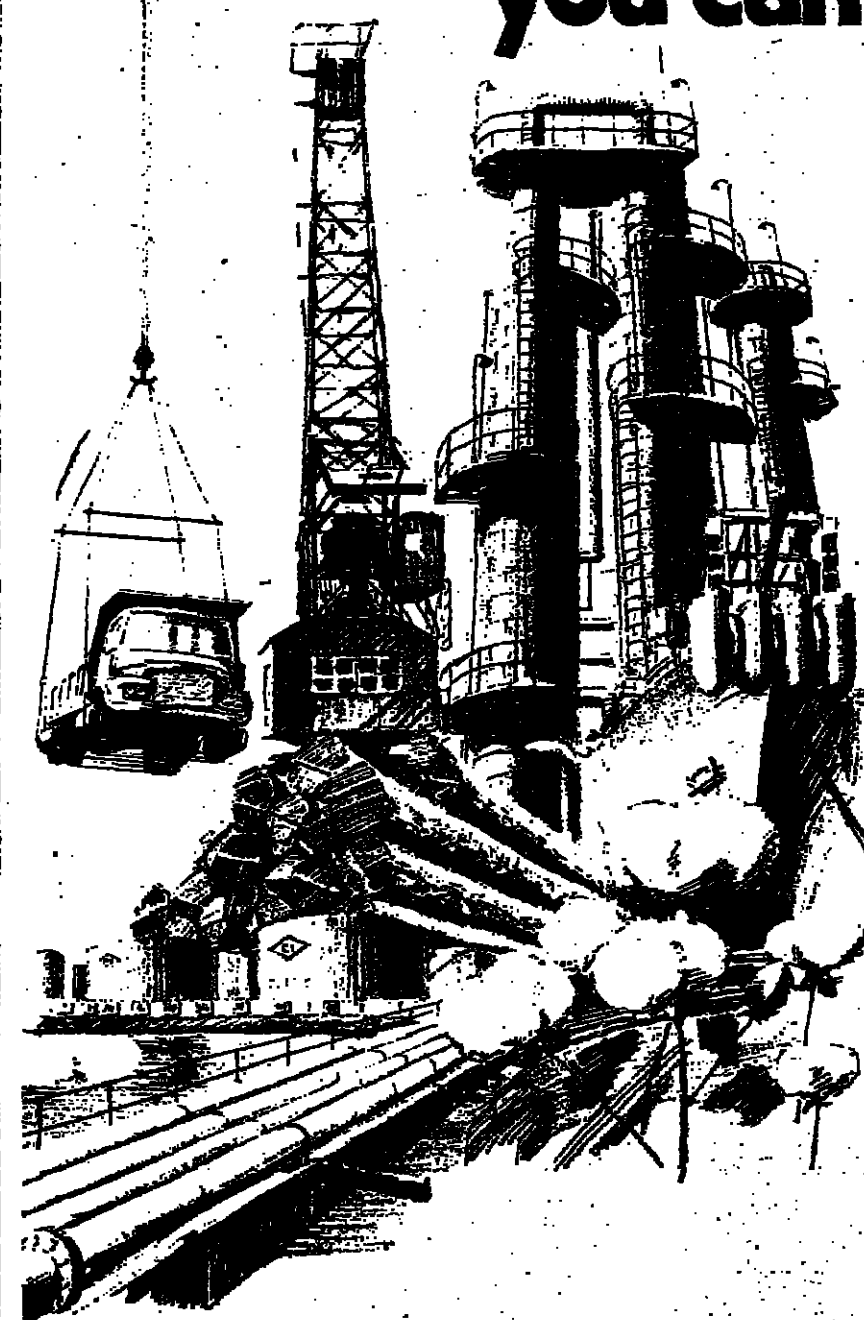
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# COMPANY NEWS + COMMENT

## Bath & Portland tops £1m. in first half

FIRST-HALF PROFITS before tax of the Bath and Portland Group have risen from £0.78m. to £1.08m. ago, the chairman, Sir Kenneth Selby, anticipates a satisfactory profit increase for the current year before crediting the profit on the sale of the group's head office.

The net interim dividend is lifted from 1p per share to 1.25p (the total for the year ended October 31, 1975, was 2.50p per share) from pre-tax profits of £3.00m.

Sir Kenneth says the upward trend in profits forecast in 1975 has continued and the decision to acquire major contracting work overseas in view of the diminished opportunities at home has been well justified.

Profit for the half year was struck after reduced redundancy payments to certain companies and all additional interest charges necessary to finance the £12m. overseas plant, although no profit has been taken in the first half of the year. The £12m. of work that has been undertaken in Iran.

All divisions have in the difficult trading conditions prevailing succeeded in improving their returns or in holding on to their share of their particular market.

Minerals, contracting and engineering have better profits and even agricultural results which show a turnaround must be viewed with satisfaction in the light of both the increased cost of raw material imports and a lower demand for animal feed throughout a mild winter.

Subsequent to April 30 the group sold the leasehold interest in the head office in Bath on a leaseback arrangement for £2m. cash which has been applied in reduction of bank borrowings.

This transaction will yield a profit of some £200,000 which will be included less tax, in the accounts for the full year as an extraordinary item, the chairman says.

● **comment**

Late payment on the huge Iranian road project has cast a

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## Marshall's (Halifax) up 39%

ON SALES up by 39 per cent. to £10.0m. pre-tax profits of £1.0m. Marshall's (Halifax) rose by 39 per cent. to £1.0m. for the year to March 31, 1976, after £354,000. against £254,000 for the first half. Full-year earnings are up by 39 per cent. to £1.0m. from £725,000. The directors are looking for an improved result for the current year and have recommended a maximum permitted final dividend of £1.00 per share, up from £0.725 previously.

Profits for 1975-76 are struck before tax of £521,000 (£277,000). Full-year earnings are up by 39 per cent. to £1.0m. from £725,000. The directors are looking for an improved result for the current year and have recommended a maximum permitted final dividend of £1.00 per share, up from £0.725 previously.

The directors say that sales and profits for the first three months of the current year are substantially ahead of last year, but this is some extent explained by the fall in the value of sterling, which increases the prices of their commodities, a large proportion of which is imported.

● **comment**

Bambergers is down 38 per cent. pre-tax, while below the line the

ordinary items—with the result that the group is having to dip

into its reserves to pay the dividend. But the payment is going

up, and this year sales volumes and profits are also on an

improving trend. In fact, a fairly modest upturn among the remain

ing timber and building materials divisions would be sufficient to

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earnings this year could recover to around 9p. Year-end debt has

risen to £2m.—about half of net assets—with net working capital rising an eighth to £9.1m.

● **comment**

With pre-tax profits up 38 per cent. on a turnover rise of 29 per cent.,

Marshall's has received its eighth consecutive year of profits growth.

The improvement in pre-tax margins was almost wholly due to the reduced interest charge, but

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boost to the shares to 78p. The Brussels to the Belgian Ministry

main impetus came from the rise of Public Works. It is hoped that

in exports, although even the other half of the 400,000 square

U.K.-orientated quarrying and feet development in the Square

concrete division, through its specialised and decorative products, gave the group some resilience against the low activity in local authority construction work. Meanwhile the home market for engineering products was helped by replacement orders for drill parts and other equipment with relatively short lives. The p/a remains low for the sector at 4.8, in spite of a relatively attractive yield of 10 per cent.

## Bambergers reduction to £0.94m.

FOLLOWING THE downturn from £382,000 to £351,000 in the first half, Bambergers has finished the year to March 31, 1976 with pre-tax profits of £338,000 against £321,000 previously. Turnover amounted to £33.6m. compared with £31.6m.

The directors are looking for an improved result for the current year and have recommended a maximum permitted final dividend of £0.94 per share, up from £0.81 previously.

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## DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Alexanders Discount Int.	3.5	July 29	3.5	—	11.67
Attock Petroleum	4.5	Jan. 12	4.5	—	4.2
Bambergers	1.04	Aug. 12	1.72	—	2.38
Bath and Portland	1.25	Aug. 20	—	—	2.44
Carlo Engineering	1.25	Aug. 27	1.12	2.44	2.23
Fairdale Textiles	0.63	July 30	0.8	0.95	0.87
Henderson-Kenton	1.18	Oct. 1	1.46	1.98	1.81
Marshall's (Halifax)	3.74	Oct. 4	2.26	4.71	4.26
Mercury Securities	3.04	—	2.76	3.04	2.76
Sogomana	2.26	Aug. 26	1.5	—	6
Sutcliffe Speakman	1.13	Aug. 11	2.03	2.75	2.52
View Forth Inv. Tst.	1.03	Aug. 4	1.27	2.21	2.02
Weston-Brans	1.68(a)	Aug. 13	0.9	1.5	1.37
William Yates and Sons	2.45	—	1.46	2.43	2.32
			2.25	2.38	2.28

Dividends shown pence per share net except where otherwise stated.

(a) Equivalent after allowing for scrip issue. (b) On capital increased by rights and/or acquisition issues. (c) Corrected.

de Meus will shortly be let to a similar tenant.

The letting to the Ministry of Public Works, for occupation by the Ministry of Justice, alone represents one of the largest single lettings achieved in the depressed Brussels property market. Ladbroke would not say yesterday what rental had been agreed, but it is normal in Belgium it is indexed, while the lease with break points at nine, 18 and 27 years is rather longer than usual.

The National Westminster Bank pension funds have a 21 per cent. interest in the building, with the remainder divided 75 per cent. to Ladbroke and 25 per cent. to Mr. K. Kilstock, chief executive of London and Leeds.

Ladbroke bought the site in 1972 and the building is due for completion in 1976. The Ministry's lease commencing on September 1, Mr. Kilstock said yesterday that the building, funded locally long-term, represented a very substantial asset to Ladbroke and that it was not, at present, the group's policy to sell the investment.

The directors say that sales and profits for the first three months of the current year are substantially ahead of last year, but this is some extent explained by the fall in the value of sterling, which increases the prices of their commodities, a large proportion of which is imported.

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The Financial Times Tuesday July 6 1976

## Henderson-Kenton jumps to £1.4m.

RETAIL furnishing group, Henderson-Kenton increased pre-tax profits by 55.3 per cent. from £871,000 to a record £1,356,000, for the year ending March 31, 1976, easily exceeding the January forecast of £1.2m. Turnover rose by 41.2 per cent. to £16.9m.

Earnings per share are 13.3p (10.5p) and the net final dividend is 1.18p making, as expected, a maximum permitted total of 1.05p compared with 1.51p previously.

The directors say that present trading indicates a continuing growth pattern for both profit and turnover with current sales exceeding last year's figures.

Transfer to reserve for unrealised profits has almost doubled from £300,000 to £700,000. The group's reserves standing at £2.4m. (£1.7m.) will contribute to profits over the next two or three years, the directors say.

Despite continued expansion, overheads have been reduced by 25 per cent. from £1.5m. to £1.1m. and cash flow continues to be buoyant. Net current assets increased by 43.2 per cent. to £3.9m. (£2.7m.).

● **comment**

Pre-tax profits from Henderson-Kenton are 58 per cent. up on those of the previous year and 13 per cent. better than forecast.

After an 87 per cent. jump in the transfer to unrealised profits, trading has been very buoyant, and within a sales increase of 41 per cent. volume growth is nearly 50 points. The balance sheet is also looking stronger; the over-

draft is down by more than a million and unutilised profits are 48 per cent. higher, reflecting a group's proportion of instalment credit business up from 42 to 52 per cent. of total sales. Taken

together, these factors indicate a strong position for Henderson-Kenton's retail furniture business, which is not too far from the volatile market in the U.K. market.

Any share of 48p. The move into the U.K. market is a long-term strategy, but the group is having

another shot this summer. If it is successful, this might move H-K to a rights issue with a dividend

less than the sector average

to a rights issue with a dividend

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# Buoyant year for Whitecroft

## Goodyear slumps to £283,000

**Burns Fry and Timmins Inc.**



## INTERNATIONAL COMPANY NEWS + EURO MARKETS

## Hachette sells the loss maker France-Soir

BY RUPERT CORNWELL

HACHETTE, Europe's largest publishing group, has at last succeeded in selling its loss-making evening paper France-Soir—the latest move in a sweeping reorganisation of its troubled Press division.

The buyer is the 78-year-old M. Paul Winkler, a Hungarian-born Press magnate and writer, who today runs the Editions de France publishing house and the news features agency Opera-Mundi.

The price is Frs.9m. (€1.2m.), representing a basic figure of Frs.15m., less the Frs.6m. of losses which France-Soir is expected to register this month and in August alone.

In June Hachette took control of the newspaper and magazine empire of the 91-year-old M. Jean-Pierre, which included the troubled Paris Match news magazine and the highly profitable Teletext Sept Jours, roughly France's equivalent of the TV Times or the Radio Times.

Negotiations are now well advanced to sell off Paris Match to the group run by Mr. Daniel Flipo, himself once a reporter on the magazine, but whose stable to-day boasts the popular teenage publication Salut les Copains, the men's magazine Lui, and Parisienne, the somewhat less irreverent French counterpart to Time Out in London.

Hachette's policy, as explained by a spokesman this afternoon, is to turn its loss-making Press division into a real contributor to group profits. Last year it almost succeeded in getting back into the black on sales of Frs.4bn. (€540m.) after a 1974 deficit of Frs.78m.

Once Paris Match has gone, Hachette would be left with the money-making women's magazine Elle and two Sunday papers, the Journal de Dimanche and the sensational France-Dimanche.

As for France-Soir, the latest development comes as no surprise to those who have followed its fluctuating history recently. Frequently rumoured to be on the brink of closure, it has seen

its circulation dwindle steadily. Once boasting sales of 1m. copies, it is now down to some 730,000 and had already pruned its staff to cut overheads and losses. M. Winkler has so far not revealed his plans, but clearly further changes are needed to put right a daily which on the basis of the purchase price is losing anything up to €4m. a year.

## Sharp improvement in Michelin 1975 profits

BY ROBERT MAUTHNER

PARIS, July 5.

MICHELIN, the secretive French tyre group, which until the beginning of this year never published its accounts, has advanced to sell off Paris Match consolidated net profits from Frs.262.5m. in 1974 to Frs.407.5m. in 1975.

Consolidated net sales after tax also increased substantially from Frs.10.7bn. in 1974 to Frs.12.4bn. last year, while post-tax cash flow rose over the same period from Frs.1.7bn. to Frs.1.8bn., as much as 17 per cent. of turnover.

Michelin has lately made a special effort to develop its public investments, but these are known to be among the highest of any French company both at home and abroad.

According to M. Francois Michelin, the group chairman, the results for the first few

months of 1976 were satisfactory, but he has warned shareholders that a sharp upturn of sales always occurred in the first few months after a recession and that the outlook for the beginning of 1977 was not necessarily as rosy as it looked to-day.

An adverse factor to be taken into account was the resumption of a high rate of inflation which could well affect business after the improvement of the past few months.

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## Peugeot profits well up

THE PEUGEOT Company has announced group consolidated 1975 profits of Frs.406m. (€52.8m.). Depreciation totalled Frs.651m. (€84.5m.). Cash flow, excluding exceptional elements, was Frs.1.1bn. (€142.7m.).

Reuter

## Watch proposal

SWISS Economics Minister Ernst Brugger proposed the creation of a semi-public company to finance diversification in the watch industry. Reuter reports from Chaux de Fonds.

He told watchmakers such a company would be responsible for raising the necessary funds and would take on part of the risks involved.

At the same time it could act as an adviser to enterprises seeking to diversify, he added.

## Indian dividends

THE INDIAN GOVERNMENT announced its decision to lift from tomorrow the two-year-old curbs on the payment of dividends by companies.

Dividends were limited to 12 per cent. early in 1974 to check rampant inflation at that time. An amendment made to the law last year said companies could pay more than 12 per cent., but only in two instalments.

The decision on dividends has followed several liberalisations since the emergency was stamped out last year to help private business and industry.

## German capital goods order book

ORDERS in the capital goods industry are still not much higher than recession levels, Demag Board spokesman Otto Blank told the company's annual meeting.

Orders in the German engineering industry in the first five months of 1976 fell a real 2 per cent. below the year ago period, while at Demag orders were a real 14 per cent. below the same 1975 period.

The fall is due mainly to the slackness of large scale plant business. In energy and consumer-oriented sectors, the level of orders is satisfactory, he added.

The Mannesmann unit hopes 1976 will again be what it termed a normal year because orders at present are relatively high.

But Demag is unlikely to achieve the 2.5 per cent. turnover yield it considers necessary for a sure future, Blank said. Last year Demag made a DM7m. net profit (DM22m. on turnover of DM2.1bn. (DM1.9bn.).

Blank said he is convinced the machine construction sector will prosper. He said the last losses were only a painful interim phase.

## W. GERMAN RETAILING

## Karstadt bends the rules

THE CONTROVERSIAL link-up between Karstadt and Necker-mann, two of West Germany's leading store groups, seems set to drive a coach and horses through Federal Government policy. Despite the fact that it has been the Government's avowed aim to limit the growing dominance of the large retailing groups and preserve the smaller traders, few observers here expect serious opposition to the deal.

Staff of the Federal Cartel Office in Berlin are no doubt already deep into the preliminary investigations into the deal, which will greatly consolidate Karstadt's position as West Germany's largest retailer. However, the Bourse bush telegraph here has it that Bonn's support was assured before the terms were announced, just a day before the Necker-mann annual meeting.

## Relief

News of the proposals, which will eventually lead to Karstadt taking a majority interest in the Frankfurt-based group, undoubtedly came as a welcome relief both to Necker-mann's bankers and to its smaller shareholders. The group—until last week the indisputable chief of the Necker-mann family—has had problems for some time and for the past few months there has been intense speculation over its future.

Last year the group made only DM4.2m. net on a turnover of DM3.52bn. (€762m.)—and even this showing was only made possible by the DM19m. profit realised from the sale of its insurance interests to its American partner.

The losses mounted despite an overall increase of close on 19 per cent. in turnover. Mail order sales—Necker-mann's main business—were down 10.5 per cent. to DM1.05bn. but probably were lagged far behind. Department store sales rose by 13.9 per cent., well ahead of the West German average, but losses in this sector totalled DM10m.

In line with normal West German company policy, little had been done to inform the public of Necker-mann's true financial position before the deal was announced. Anything vaguely approaching full disclosure is regarded as gross interference with the West German manager's divine right to manage and small shareholders are as much in the dark as the Press.

Therefore, any examination of Necker-mann's problems is, of necessity, part conjecture, speculation and rumour. Only Necker-mann Karstadt and their bankers know the true position—and they are saying very little.

Observers of the Frankfurt financial scene, including leading banks, have been blaming Necker-mann's "aggressive sales policy" for its problems. The implication is that it broke the basic rules of West German retailing by pushing margins to such a level that its market share.

This may well be true, but reduced margins can hardly be the whole story. There are strong indications that a failure to contain the heavy rise in costs brought about by the oil crisis and the recession played an important role in the crisis.

However, it seems that the group would have been able to weather its difficulties without outside assistance if this year's upturn had brought about a measurable improvement in its earnings. This was not to be.

West Germany's traditionally cautious consumers have continued their self-imposed austerity campaign, and trading figures for all the store groups are disappointing.

Despite a relatively promising opening two months of the year, sales and profits have failed to match expectations. Necker-mann's management was obliged to report to Thursday's annual meeting that earnings had shown no real improvement on the previous year, and that performance during 1976 was likely to be only a little better than in 1975.

Necker-mann's corporate constitution appears to have limited its room to manoeuvre. It is constituted as a "kommanditgesellschaft auf aktien"—this

has no real equivalent in Britain but it is, in effect, a limited partnership with a block of shares issued to the public. As well as effectively maintaining control of the concern in the Necker-mann family's hands, it also yielded certain tax advantages. But tax advantages in the fat years have to be balanced with the fact that in lean years, KGaA status can limit a concern's access to sources of finance.

Much of the blame for the concern's present difficulties is laid at the door of Herr Josef Necker-mann, the 64-year-old patriarch who has ruled the group with a rod of iron since he founded it as a small mail order business 26 years ago.

Herr Necker-mann's genius for retailing has hardly been questioned. Under the slogan "Necker-mann makes it possible," he pioneered a highly individualistic selling concept based on aggressive price competition and high turnover. In this land of the high mark-up and different service, his approach can hardly have won him many friends, but it certainly built up an enviable body of loyal customers.

However, in recent years he has been criticised for refusing to relinquish his absolute control over the day-to-day running of his stores and for restricting his 40-year-old son Peter to the running of the subsidiaries—excluding travel and prefabricated homes—which in recent times have returned reasonable profits.

It seems clear that as part of the Karstadt deal, Herr Josef Necker-mann will no longer be involved in day-to-day supervision of the concern. Necker-mann will be reconstituted as a fully-fledged public company and Herr Josef will join the supervisory board.

The future of the Necker-mann family's involvement in the concern is still a matter for speculation. In the first phase of "co-operation" between the two companies, Karstadt, which already has an undisclosed holding in Necker-mann, will take up all of Necker-mann's new DM35m. nominal share issue at a price to

be fixed by independent experts. Karstadt and the Necker-mann family will initially "pepper" shares to form a "block" but Karstadt's aim is to acquire a majority holding in the company by 1980 at the latest.

Whatever the outcome, changes are expected to inject its sorely needed management expertise into the concern. Karstadt is a character—away from it high, sell it cheap!—as Peter Necker-mann told in agreement with the trust to the stores' loss. The market image, however, is a far cry from the reality. Karstadt is a character—away from it high, sell it cheap!—as Peter Necker-mann told in agreement with the trust to the stores' loss. The market image, however, is a far cry from the reality.

The new grouping is a combined retail unit over DM10bn. (€1.3bn.)—around 3.5 per cent. of Germany's DM290bn. turnover. Karstadt, which will be a full DM35m. its nearest rival, Kauf

to play cartel fear been repeatedly stressed despite its size, the share of the market is tiny and that Karstadt will not be able to "retain its donee" Necker-mann. Karstadt, which already has an undisclosed holding in Necker-mann, will take up all of Necker-mann's new DM35m. nominal share issue at a price to

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## Esso Italiana complains

BY DOMINICK J. COYLE

ROME, July 5.

ESSO ITALIANA, Exxon's Italian affiliate, has reported a loss of L.29bn., or close to £20m. for 1975, due primarily to higher crude prices and an overall reduction in both domestic and foreign sales. Further, a company spokesman insisted that the loss would have been much higher but for sizeable sales from stock, thus reducing reserves.

Sig. Aldo Sala, Esso Italiana chairman, has joined other industry spokesmen in condemning strongly the Italian Government's policy of withholding permission for price increases until long after the companies have been obliged to meet higher crude costs, and even then limiting retail increases to a fraction of the higher costs.

He has charged that the Government's pricing methods "arbitrarily and belatedly imposed, conceal a 'deliberate intention' gradually to oust private companies from the Italian oil industry, thus creating a complete state monopoly.

Unione Petrolifera, the umbrella organisation for the oil companies operating in Italy, has already prepared rationalisation proposals to put to the Government and the main trade unions involved, and Sig. Sala states that Esso Italiana approves and supports these suggestions. The plan, in effect, is to restrict the number of retail outlets and rationalise distribution between the various companies.

The Esso situation, like that of all oil companies operating here, will have deteriorated further this year, not least owing to the

## Salinvest sees fall in profits

BY OUR OWN CORRESPONDENT

SALEINVEST, the Swedish shipping and trading concern, anticipates a Kr.69m. fall in operating profit to Kr.13m. (€1.63m.) on its shipping companies this year, managing director Sture Odner told the annual general meeting. A loss of

refusal of the Government to release them from the temporary import deposit scheme under which 50 per cent. of the value of imports has to be deposited in a non-interest bearing account with the Bank of Italy.

This emergency three-month measure is due to expire early next month, but it may well be renewed for a further period. It is a particularly onerous liability in cash terms for the oil companies, owing to the large amounts of money involved and the current exceptionally high interest rates in Italy.

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## The Burmah Oil Company, Limited

(a Scottish Corporation)

has sold its United States Oil and Gas subsidiaries

Burmah Oil and Gas Company

and

Burmah Oil Development, Inc.

to

Aminoil USA, Inc.

a wholly-owned subsidiary of

## R. J. Reynolds Industries, Inc.

The undersigned, together with Kuhn, Loeb & Co., initiated this transaction and acted as financial advisors to The Burmah Oil Company, Limited.

MORGAN STANLEY &amp; CO.

Incorporated

July 1, 1976.

## SOUTH AFRICAN STOCK MARKETS

## After the bad news a fairly encouraging performance

BY RICHARD ROLFE

THE SOUTH African stock market has had a quiet second quarter this year, with the key Rand Daily Mail 100 Index fluctuating between 187 and 213; it is now back in the middle of the range of 202 which is where it was in June 1976.

This can be rated a reasonably encouraging performance in the midst of mainly adverse economic and political news. Brokers and investment managers feel that sentiment is continuously trying to look forward to the better times that, world economy permitting, could be in store for 1977 rather than to the difficult six months or so that lie immediately ahead.

Historically, the Johannesburg market tends to lag behind London and New York by a year or 18 months. This reflects the economy's strong dependence on commodities and the effect of rising commodity prices on the South African balance of pay-

ments and on the foreign exchange reserves, both of which tend to be key market indicators. From R1.2bn. in mid-March, following the Swiss gold swap, the reserves are now down to R220m., and the payments deficit on current account after R1.6bn. in 1975 is running at a yawning R2.2b. based on the March quarter.

Add the Soweto riots and the aftermath of the Angola war to the equation, both bringing the tendency of overseas investors to sell industrials, and the performance over the three months to June begins to look reasonably positive. The prospect of a stock market response to any favourable economic or political news is good.

But first comes a probable credit crunch in the economy, with the need to squeeze domestic spending via fiscal policy. An important technical factor will be the forthcoming R30m.

rights issue by AECL, the chemicals and explosives group, about R32m. of which represents 100 shares. This can be paid in Securities Rands and with the present discount 30 per cent. it obviously pays 100 to move funds in this way. Buying South African scrip in London and selling in Johannesburg, however, will tend to narrow the discount and to put pressure on Johannesburg prices as well.

The weak gold price is an adverse factor, which affects the balance of payments and the reserves as well as exerting a depressing influence on the economy in general. There is no reason to look for a sharp recovery, but the mining houses feel the slide will stop within about 5 dollars off the current level and should perk up by the year end. Some stabilisation of gold plus continued rising commodities prices would help fuel a market rise which would be supercharged if gold and other commodities could perform well at the same time.

Top industrials are on a yield basis which has not been seen for many years. SA Breweries, for instance, particularly subject to London selling in recent weeks, now yields 10 per cent. and Barlows 9 per cent. All the same, these prices may have a little further to slip before they turn round.

Most bullish for the future is that the process of shares moving from weak to firm holders is almost complete and suggests that when the turn comes it will be quite sharp.

In individual sectors, coal and base metals have been the stars of the past quarter, and both should have further to go. Local analysts also like sugars, presently undergoing a price review which could improve their domestic profitability and facilitate fund raising for expansion.

The engineering sector is well placed to gain from the massive spending planned over the next five years. But property and consumer goods will be under a cloud for at least the next few months and may be the laggards of the next bull phase in industries.

## SELECTED EURODOLLAR BOND PRICES

## MID-DAY INDICATIONS

STRAIGHTS	bid	offer	CONVERTIBLES	bid	offer
Ambland 10pc 1983	104	105	American Express 4pc 87	73	80
Ambland 5pc 1987	92	97	Ambland 10pc 1988	82	84
Austrarust 5pc 1987	93	94	Bear Steer 5pc 1982	84	86
BPC 5pc 1983	100	102	Bear Steer 4pc 1982	111	113
CNL 5pc 1983	109	111	Bear Steer 5pc 1987	101	103
Conoco 5pc 1980	99	102	Broadway 4pc 1987	75	78
ECG 5pc 1984	101	103	Canon Camera 7pc 1989	126	128
ELB 5pc 1983	101	103	Carroll 4pc 1987	78	80
ENAP 5pc 1983	102	104	Chevron 5pc 1989	119	121
Enso 5pc 1984	104	106	Dart 4pc 1987	74	76
Euromina 5pc 1983	100	102	Eastman Kodak 4pc 1988	113	115
Grainco 5pc 1983	101	103	Economic Labs. 4pc 1987	71	73
Harvey 5pc 1983	104	106	Ford. Dept. Stores 4pc 85	112	114
McDonald 5pc 1986	101	103	General Electric 4pc 1987	85	87
MOBO 5pc 1983	101	103	Ford 5pc 1988	93	95
Newfoundland Lab. 5pc 86	101	103	General Electric 5pc 1987	85	87
New Zealand 5pc 1983	102	104	Clifford 4pc 1987	74	76
Norpipe 5pc 1980	100	102	Gold 5pc 1987	77	79
Norpipe 5pc 1986	101	103	Gold and Western 5pc 1986	101	103
Oslo 5pc 1983	101	103	Harris 5pc 1982	87	89
Pacific Light 5pc 1984	94	97	ITT 4pc 1987	71	73
Procter 5pc 1984	102	104	Kennecott 5pc 1988	81	83
Scania 5pc 1983	102	104	Kennecott 4pc 1987	74	76
SPY 5pc 1983	101		Kennecott 5pc 1989	81	83
Swoll 5pc 1986	99	99 1/2	J. Ray McDermott 4pc 87	144	144
Sund. Off. Ind. 5pc 1988	102	104	Aluminum Ind. 7pc 1991	141	141
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Vofco 9pc 1986	102	103 1/2	J. P. Morgan ACP 1987	117	117
			Nabisco 5pc 1988	81	81
			Owens Corning 5pc 1987	101	101
			J. C. Penney 4pc 1987	78	78
			Purcell 5pc 1989	250	250
			Reynolds 5pc 1989	97	97
			Reynolds 5pc 1989	97	97
			Sperry Rand 4pc 1987	74	74
			Temple 4pc 1987	74	74
			Toshiba 5pc 1989	109	109
			Union Carbide 4pc 1987	117	117
			Weyerhaeuser 4pc 1987	121	121
			Warner Lambert 4pc 1988	79	79
			Xerox 5pc 1988	103	103
			Yarnall 5pc 1988	103	103
			Yarnall 5pc 1988	103	103
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## MINING NEWS

## e rule Selection Trust's 'own' profits growing

MALCOLM DUMPHREYS

ATING profits contributed by 1975 at an initial rate of 10,000 38 per cent. of Selection Trust's income in concentrate a year. But it is being developed to last March compared with so that output can be increased distribution of only 10 per when market factors and costs five years ago. In his report, the Trust's group has sent with the annual report just been awarded a contract to chairman, Mr. Chester Beatty sink a 930-metre shaft to facilitate out that this reflects a exploration of the deeper orebody. of deriving income from Ore reserves at Agnew were last ties in which the London put at 45m. tonnes of sulphide has a significant element of ore grading over 2 per cent. 31 over cash flow, "this nickel."



Mr. A. Chester Beatty.

During the current year Selection Trust should benefit from the rise in metal prices generally and there will also be a first full-year's revenue from North Sea gas together with the results of the U.K. share group. Uncertainty clouds dividends from the Government-controlled diamond operations in Sierra Leone which are being hit by illicit mining activities. In all, however, Selection Trust, looks to be set for a further rise in earnings this year. At 480p the shares are not cheap by mining finance standards. But the price recognises the fact that with the increasing cost and difficulties of establishing new mines the group has the import-

ant advantage of two new mines already well on the road to production and growing income from other sources in the meantime.

## MITSUBISHI'S COAL HOPES

From Tokyo it is reported that the coal mining development in New South Wales in which Mitsubishi's wholly-owned Australian subsidiary will participate with Costain Australia, H. E. Sleight, and the Australian Resources Development Bank is expected to begin mining in 1979. It will produce 2m. tonnes of soft coking coal annually from 1980 for supply to Japan and other sources, according to Mitsubishi. The ultimate production target, however, is set for about 4m. tonnes a year. The deposit is estimated to hold about 500m. tonnes of soft coking coal and steaming coal.

Mitsubishi has a 15 per cent. stake in the venture, H. E. Sleight having 45 per cent. Costain 30 per cent. and ARDB 10 per cent. Mitsubishi also has a 15 per cent. interest in the proposed \$240m. (216.5m.) Norwich Park coal venture in Queensland, the remaining 85 per cent. being owned by the U.S. Utah group.

## SAINT PIRAN IN CORNWALL

In the Saint Piran annual report the chairman, Mr. J. J. Raper, says that the company's increase in Cornish tin production achieved in the third quarter of the year to last March as a result of the reorganisation of mining activities, has been maintained.

During the year to March 31, the company's Malaysian dredging operations produced 183 tonnes of tin metal compared with 186 tonnes in the previous financial year, while the Cornwall mines turned out 1,438 tonnes against 1,194 tonnes. It is proposed to amalgamate production at the U.K. Pendarves and South Crofty mines. Saint Piran were 40p yesterday.

## MIM's deal with Asarco

EVEN CLOSER relations are to be developed between Australia's major copper, silver, lead and zinc producing MIM Holdings and the U.S. Asarco smelting, a refining group. MIM is to buy 3.3 new shares in Asarco at \$0.52 (\$12.30) per share, thus making the Australian company the largest shareholder with a holding of about 13.7 per cent.

At the same time, Asarco continues to own 49 per cent of MIM and, reports our Sydney correspondent, it has been the controlling and supporting holder of MIM since the early 1980s. The companies also envisage equal participation in a new zinc refinery in Kentucky which, if it goes ahead, would have a production capacity of 150,000 tonnes a year. The cost between \$US\$300m. and \$US\$350m. (\$112m.-\$118m.). It will handle concentrates from both MIM and Asarco. Asarco postponed its plans for the refinery last year and in Australia MIM also decided not to go ahead with a similar plant because of cost escalation. The latter's chairman, Sir James Footo, described the latest moves as of "major significance" and fitting in with MIM's policy of broadening its sphere of interest both on a commodity and geographical basis. Of the two companies, MIM has much the greater market capitalisation: the shares were 264p yesterday.

## MINING BRIEFS

PARANG CONSOLIDATED — June: Output of lead tin concentrates, 183 tonnes. sold 14 tonnes 12 May 176 and 147 tonnes, respectively.

## Confidence at BPB Industries

Mr. N. M. Barrow, chairman of BPB Industries says he has confidence that in the long term demand for the group's basic products will continue to grow. Profits for the first two months of the current year are higher than for the same period last year.

To date, the directors have agreed to invest £15m. over and above the amount provided in the accounts, in additional capacity and replacement machinery of improved design to ensure that they will hold increase their share of the markets in the countries where they operate.

The accounts show capital expenditure of \$5.57m. (\$2.95m.) has been contracted for and \$6.35m. (\$2.9m.) not contracted. Measures of success achieved in present trading year will depend largely upon governments in these countries bringing down the inflation rate and stimulating their construction industries.

In the U.K., the main trading area, the level of house construction is unlikely to show material change in 1976, says the Board expects the sales volume in the current year to be similar to that of 1975-76.

Overseas there are indications of recovery from economic recession in the various countries where the group has interests and an increasing contribution to the group is foreseen.

As known, pre-tax profits for the year ended March 31, 1976, rose from £11.6m. to £19.26m. The net dividend is 6.206p on increased capital (\$2.22p).

Adjusting for inflation, pre-tax profits reduce to £9.2m. assets employed increase from £118m. to £176m. and return on capital employed reduces from 18.8 per cent. to 6.6 per cent.

At the year-end, there was an increase in net liquid funds and a decrease in short-term borrowings amounting to £15.88m. (£4.33m.). Meeting, 15-17, Maylebone Road, N.W., July 28 at noon.

## Talks urged on dock poly plan

By Our Liverpool Correspondent  
MR. JOHN PAGE, chairman of the Mersey Docks and Harbour Company, called last night for a meeting with leaders of Liverpool City Council to try to reach early agreement on use of the Albert Dock warehouse site for a polytechnic.

The company has recommended the site repeatedly. It is a grade one listed building, which would provide much-needed capital for the company if it were sold.

## Dawnay Day gives up banking ambitions

BY MICHAEL BLANDEN

INVESTMENT BANKING and unit trust group, Dawnay Day, is giving up its former ambitions to achieve full authorised banking status for its banking subsidiary. This was stated yesterday by Mr. Peter Parker, who stepped down as the group's chairman at the end of last month preparatory to becoming chairman of British Rail in September.

The group had decided, he said, "not to pursue our previous policy of expanding commercial banking with a view to Dawnay Day and Co. (the banking subsidiary) becoming an authorised bank."

Mr. Parker explained, "our banking department has been a vital factor in the survival of the year. But he added that any group, but circumstances in banking have changed fundamentally over the last three years and our business in this field, while sound, is inevitably on a much reduced scale."

The resources of the group—in

which Prudential Assurance holds a stake of just under 20 per cent. should, he said, reflect different priorities. The future activities of the bank would be "concentrated on investment management for which it already handles funds of over £50m. for the Target group, and on the provision of financial and investment services for expanding unquoted and smaller public companies."

At present, the company operates with a Section 123 licence under the Companies Act.

Mr. Parker also indicated that the group's results for the year just ended—on June 30—would show a "very considerable improvement" over the previous year. But he added that any group, but circumstances in banking have changed fundamentally over the last three years and our business in this field, while sound, is inevitably on a much reduced scale."

The group showed a pre-tax loss of £1.7m. last year after setting aside £1.4m. of exceptional provisions against its banking value.

Though some of the trading

the year just ended showed a small loss of only £14,000.

Mr. Parker, in a report in advance of the comments expected later from his successor Mr. Edward Hatchett, added: "the Group has survived the past two years with shareholders' assets close to £10m., which is not reflected, however, in the current share price. Having regained our stability, the task now is to rebuild profitability."

The performance and prospects of the Target Life Assurance subsidiary, he said, were encouraging, "but we are unlikely to make a release to profit and loss account in respect of the year just ended."

Following a review by the company's actuary during the last few months, the group directors were satisfied that the £2.5m. at which Target Life was included in the group's balance sheet represented "a conservative value."

Though some of the trading

## Increase at Wm. Yates

Textile merchants William Yates and Sons (a close company) reports pre-tax profits up from £240,292 to £293,032 for the year to October 31, 1975.

The net profit is £141,319 compared with £124,013 after tax of £153,033 against £137,423 and crediting a U.K. tax provision for previous years no longer required of £1,500 (£1,148).

The dividend is lifted from 2.25p to 2.475p net per 50p share.

## The Burmah Oil Company, Limited

(a Scottish Corporation)

has sold its United States Oil and Gas subsidiaries

Burmah Oil and Gas Company  
and  
Burmah Oil Development, Inc.

to

Aminoil USA, Inc.

a wholly-owned subsidiary of

## R. J. Reynolds Industries, Inc.

The undersigned, together with Morgan Stanley & Co. Incorporated, initiated this transaction and acted as financial advisors to The Burmah Oil Company, Limited.

Kuhn, Loeb &amp; Co.

July 1, 1976

All of these Securities have been sold. This announcement appears as a matter of record only.

\$400,000,000

## United States Steel Corporation

5¾% Convertible Subordinated Debentures due 2001

Convertible into Common Stock of the Corporation on or before July 1, 2001, unless previously redeemed, at a conversion price of \$6¾4 a share, subject to adjustment in certain events.

Interest payable January 1 and July 1

MORGAN STANLEY &amp; CO.

Incorporated

THE FIRST BOSTON CORPORATION KUHN, LOEB &amp; CO. MERRILL LYNCH, PIERCE, FENNER &amp; SMITH

SALOMON BROTHERS

SMITH BARNEY, HARRIS UPHAM &amp; CO.

BACHE HALSEY STUART INC. BLYTH EASTMAN DILLON &amp; CO. DILLON, READ &amp; CO. INC.

DREXEL BURNHAM &amp; CO.

HORNBLOWER &amp; WEEKS-HEMPHILL NOYES

E. F. HUTTON &amp; COMPANY INC.

KIDDER, PEABODY &amp; CO.

LAZARD FRERES &amp; CO.

LEHMAN BROTHERS

LOEB, RHOADES &amp; CO.

PAINE, WEBBER, JACKSON &amp; CURTIS

REYNOLDS SECURITIES INC. WERTHEIM &amp; CO., INC. WHITE, WELD &amp; CO. DEAN WITTER &amp; CO.

July 2, 1976.

## The Continental and Industrial Trust Limited

and its Subsidiaries

(Managed by J. Henry Schroder Wagg &amp; Co. Limited).

The Annual General Meeting will be held at 120 Cheapside, London, EC2V 6DS on Wednesday 28 July 1976 at Noon

## Details from the Report and Accounts for the year ended 31 May 1976:

	1975 £	1976 £
Total Revenue	1,884,768	1,697,231
Less: Expenses	92,300	79,178
Interest	311,575	304,728
Net Revenue before taxation	1,480,893	1,313,325
Less: Taxation	576,162	481,585
Preference Dividend	38,500	38,500
Net Revenue available for Ordinary Dividend	867,231	793,230
Earned on Ordinary Shares	5,12p	4,68p
Ordinary Dividend paid (net)	5,00p	4,50p
Net Assets attributable to:	£'000	£'000
Dollar Loan	1,719	444
Debtenture Stocks	4,488	4,611
Preference Shares	1,000	1,000
Ordinary Shares	37,218	32,751
Total Net Assets	44,423	38,806
Net asset value per 25p Ordinary Share	219.7p	193.3p
25% of the investment currency premium included therein	31.2p	10.3p

In the year under review both the London and New York stock markets rose, the F.T. Actuaries All-Share Index rising by 8.6% and the Dow Jones Industrial Index by 17.2%. The investment currency premium dropped from 85.2% to 47.4% based on current exchange rates in each case. During the year the Trust has subscribed for new shares in numerous important U.K. companies. It has therefore continued its traditional role of providing risk capital for British enterprises."

\$40,000,000

## Beecham Inc.

Guaranteed Notes Due September 1, 1996

This financing has been arranged privately.

Goldman, Sachs &amp; Co. Hill Samuel Securities Corporation











## STOCK EXCHANGE REPORT

Equities firm but only a small increase in business  
Share index up 3 points at 392.5—Gilt-edged quiet

## Account Dealing Dates

## First Declared Last Account

Dealings from Dealings Day  
Jun. 14 Jun. 24 Jun. 25 July 6  
Jun. 28 July 8 July 9 July 6  
July 12 July 23 Aug. 3

"New time" dealers may take place  
from 9.30 a.m. to 1.30 p.m. earlier.

With the aid of another useful  
showing by sterling on foreign  
exchange markets and several  
favourable business surveys, stock  
markets maintained last week's  
firm trend. Official hints of  
further cut-backs in public ex-  
penditure for 1977-78 also helped  
sentiment.

Long and medium-dated gilt  
improved 1/2, but the early matu-  
rity conditions were in-  
dented easier. The Government  
Securities Index was barely  
altered (down 0.01 at 63.03).  
Although institutional buyers  
remained on the sidelines, there  
was a small demand for the  
leaders, and with the market none  
too well supplied with stock,  
prices finished the day with gains  
of a few pence. The FT 30-share  
index closed at 392.5, for a gain of 3  
points over the last trading day.  
The continued paucity of business  
was reflected in official markings  
of only 4,130. Nevertheless, this  
was above the daily average for  
last week of 3,837.

Little of consequence occurred  
in second-line equities. However,  
scattered small gains pre-  
dominated: rises led falls by 15-8  
in FT-quoted Industrials, while  
in FT-Actuaries All-Share index  
improved 0.6 per cent to 159.66.

## Low key Gilts

The gilt-edged market was  
again in low key, business being  
insufficient in all sectors to really  
establish a trend either way. Long  
and shorter-dated maturities  
began firmly in response to  
several influences which included  
fresh hints of moderate trade and  
trend in sterling and slightly more

favourable bank lending figures.  
The lack of trade, however,  
thwarted an extension of the  
higher movement despite the  
Government Broker being estab-  
lished as a seller of the long  
tail. Eschewer 181 per cent  
1986, at 951. Shorter issues,  
meanwhile, eased as conditions in  
the money market became tight  
again and, although hardening  
towards the close, still ended with  
minimal losses.

The holiday closure in New  
York contributed to a quiet day  
in the investment currency  
market and rates drifted a shade  
lower, the close being 4 easier  
at 111.1 per cent. Yesterday's SE  
conversion factor was 0.8848  
(0.8821).

There was a fair amount of  
activity in William Leech  
(Builders) in first-time dealings  
yesterday, however, the 20p  
shares, following the poor  
response to the recent offer-for-  
sale at 64p, opened and closed at  
61p, a discount of 3p.

## Hambros better

Runny by news that Hambros  
Life has provisionally set July 19  
as the date of its stock market  
floatation, Hambros took a turn  
for the better in Merchant Banks,  
rising 6 to 103p. Mercury Securi-  
ties closed 5 higher at 103p  
following the results and Daimler  
Day were 1/2 dearer at 131p on  
the encouraging interim state-  
ment. Antony Gibbs was wanted  
at 40p up 3, but Mansel Finance  
Trust closed unaltered at 38p in  
front of today's results. Discounts  
tended to cheapen where changed  
with Alexanders receding 7/2 to  
22p on the unimpressive interim  
statement. In a thin market,  
Seacombe Marshall and Camplin  
shed 10 to 230p and Allen Harvey  
and Ross and Cater Ryder both  
gave up 5 to 370p and 260p  
respectively. The big four Banks  
continued a moderate trade and  
closed with little alteration.

C. E. Heath returned to favour  
among Insurances, rising 1 1/2  
400p after small buying on con-  
sideration of the group's overseas  
potential earnings. Sun Alliance  
put on 8 to 401p in Composites.  
Breweries were firm again, with  
Allied 1/2 better at 71p. Whit-

bread "A" hardened a similar  
amount to 74p after Press com-  
ment and Scottish and Newcastle  
edged forward a penny to 61p  
ahead of tomorrow's preliminary  
results. Elsewhere, Distillers  
were friendlier, at 145p, down 1/2.

II, and R. Johnson-Richards  
Ties were again well to the fore  
in Building, rising 8 more to 210p.  
after 215p, on fresh speculation  
about the possible benefits from  
the changes in the Price Code.  
Marshall's (Hull) responded to  
the substantially improved earn-  
ings with a gain of 7 1/2p, while  
elsewhere, Micoconcrete, 32p, and  
R. Costaia, 30p, put on 2 and 8  
respectively. Riggs and Hill were  
2 better at 44p as were Carron  
at 53p. Bambergs, however, re-  
sisted 2 to 38p on the disclosure  
of sharply reduced earnings.  
Elli and Everard, a firm market  
of late on speculation about a

forthcoming bid from Unilever,  
reacted 4 to 103p.

ICI continued firmly, rising 6  
to 370p for a two-day gain of 9.  
Elsewhere in Chemicals, Fibron  
hardened 3 to 370p.

Television Contractors closed  
with little alteration following  
Press comment. Trident "A"  
finished a fraction better at 36p in  
front of today's interim state-  
ment.

## Stores steady

Stores were little changed on  
Friday's closing levels following a  
quiet trade. British Home Stores  
hardened 3/2p, while Marks  
and Spencer, 101p, and Deben-  
hams, 88p, put on 2 pence. Higher  
earnings took Henderson-Kenton  
up 2 to 43p, while Bakers (House-  
hold Stores) improved similarly  
to 28p ahead of tomorrow's  
interim report. Vantona was  
noteworthy for a rise of 3 to 92p,  
while modest gains were recorded  
by W. R. Smith "A", 400p, and  
Allied Retailers, 98p. Readit  
International were quoted at 26p  
on the "Rights" issue, with the  
new nil-paid shares opening at 4p  
premium and closing at 31p pre-  
mium following a quiet trade.

Leading Electricals tended to  
close a shade firmer following  
another idle trading session. Thorn  
Electrical, however, after harden-  
ing further to 234p, came back to  
230p for a net loss of 2: the  
annual results are due to be  
announced a week later.

Robert Walker, provided a dull  
feature in Hotels and Caterers,  
falling 4 to 51p in further re-  
flection of last week's Brent  
Group deal. Isle of Man Associated  
Investment contrasted with a rise  
of 3 to 197p 60p of 60p on fresh  
speculative interest.

## "W" Ribbons rise

Light buying interest led to  
fresh gains in the miscellaneous  
Industrial leaders. Reckitt,  
and Colson moved ahead 8 to 362p,  
and Bechem finished 5 higher at  
388p, while improvements of 4  
were secured by Boots, 126p,  
Bower, 200p, and Unilever,  
464p. Elsewhere, a favourable  
press mention prompted a rise of  
4p to 47p, after 46p, and 2p  
to 50p in W. Ribbons, while  
Press comment on bid possibili-  
ties left James Warren 2 firmer  
at 7p, after touching a peak for  
the year of 80p. Also responding  
to favourable comment, Anglo-  
American Assurance gained 2, at  
100p, while Hanson Trust, 127p,  
and Portals, 156p, both hardened  
2. The encouraging interim state-  
ment lifted Bath and Portland 3  
to 41p, while the increased profits  
and proposed scrip issue left  
St. George's 2 firmer at 15p, on  
news of a £2m share repurchase.  
A penny to 56p in front of today's  
first-half announcement. AAH  
rose 3 to 133p and the new nil-  
paid 4 to 26p premium, while

Geestner "A", 170p, and Royal  
Worcester, 117p, added 4 apiece.  
Dovity attracted a fair amount  
of interest in Motors and closed  
3 harder at 191p. Armstrong  
Equipment continued firmly, ris-  
ing another 2 to 98p, while Supra,  
19p, and Duplon, 80p, put on a  
penny apiece. Garages saw a fresh  
improvement of 1 to 20p in BSC  
International.

Newspapers retained their  
firmer tendency but movements  
were marginal as in Thomson, at  
200p, up 2 Bristol Post remained  
at 65p awaiting to-day's pre-  
liminary statement. Paper/Print-  
ing changes were also minimal.  
W.G., 107p, and Haden Print,  
45p, both improving. 2  
McCorquodale, on the other hand,  
eased a penny to a fresh low for  
the year of 170p.

## Properties firm

Properties were inclined to gain  
further ground in very thin trad-  
ing, although Artaga Properties  
closed a penny easier at 80p fol-  
lowing news that Sun Life's 90p  
cash offer had been declared un-  
conditional with about 32 per cent  
of the equity now under the  
latter's control. Among the  
leaders, Land Securities improved  
3 to 181p and BEPC to 69p.  
Broadford Property closed 1/2  
harder at 45p. Elsewhere, Ham-  
merson "A" rose 3 to 350p, while  
Berkeley Hambros, 124p, and  
Crosby Property, 180p, appar-  
ently 4 apiece. Improvements of  
3 were recorded in Allied London  
Properties, 35p, Imry Property,  
145p, and Stock Conversion, 170p,  
while Avenue Close gained 2 at  
37p.

Interest was sufficient in Oils  
to keep prices moving gently for-  
ward. British Petroleum closing 3  
harder at 610p and Barmah the  
firm better at 44p. Shell finally  
reverted to Friday's level of 438p  
after having improved to 438p.  
Week-end Press mention drew  
support for Berry Wiggin, 24 p  
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4p to 47p, after 46p, and 2p  
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There was little worthy of note  
in Overseas Traders, S. and W.  
Abercrombie managed to improve 4  
to 145p and Jamaica Sugar added  
2 at 19p, but Paterson Zochens  
stayed flat at 165p. "A" were 5  
easier at 165p.

Among quietly firm Trusts and  
Financials, First Talsman edged  
forward a penny to 15p, on news  
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**TIMES STOC**

## REGIONAL MARKETS

Abbey Life Assurance Co. Ltd.	The City of Westminster Assur. Soc. V	Hambro Life Assurance Limited V	Lloyds Bk. Unit Trst. Mngrs. Ltd.	Prop. Equity & Life Ass. Co. V	Scot. Widows' Fnd. & Life Ass. Soc.
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[illegible][illegible]

June 24, 1975	111.5	117.5	
June 24, 1976	34.0	36.5	
June 24, 1977	93.1	95.5	
June 24, 1978	110.1	116.0	
June 24, 1979	110.1	116.0	
June 24, 1980	110.1	116.0	
June 24, 1981	110.1	116.0	
June 24, 1982	110.1	116.0	
June 24, 1983	110.1	116.0	
June 24, 1984	110.1	116.0	
June 24, 1985	110.1	116.0	
June 24, 1986	110.1	116.0	
June 24, 1987	110.1	116.0	
June 24, 1988	110.1	116.0	
June 24, 1989	110.1	116.0	
June 24, 1990	110.1	116.0	
June 24, 1991	110.1	116.0	
June 24, 1992	110.1	116.0	
June 24, 1993	110.1	116.0	
June 24, 1994	110.1	116.0	
June 24, 1995	110.1	116.0	
June 24, 1996	110.1	116.0	
June 24, 1997	110.1	116.0	
June 24, 1998	110.1	116.0	
June 24, 1999	110.1	116.0	
June 24, 2000	110.1	116.0	
June 24, 2001	110.1	116.0	
June 24, 2002	110.1	116.0	
June 24, 2003	110.1	116.0	
June 24, 2004	110.1	116.0	
June 24, 2005	110.1	116.0	
June 24, 2006	110.1	116.0	
June 24, 2007	110.1	116.0	
June 24, 2008	110.1	116.0	
June 24, 2009	110.1	116.0	
June 24, 2010	110.1	116.0	
June 24, 2011	110.1	116.0	
June 24, 2012	110.1	116.0	
June 24, 2013	110.1	116.0	
June 24, 2014	110.1	116.0	
June 24, 2015	110.1	116.0	
June 24, 2016	110.1	116.0	
June 24, 2017	110.1	116.0	
June 24, 2018	110.1	116.0	
June 24, 2019	110.1	116.0	
June 24, 2020	110.1	116.0	
June 24, 2021	110.1	116.0	
June 24, 2022	110.1	116.0	
June 24, 2023	110.1	116.0	
June 24, 2024	110.1	116.0	
June 24, 2025	110.1	116.0	
June 24, 2026	110.1	116.0	
June 24, 2027	110.1	116.0	
June 24, 2028	110.1	116.0	
June 24, 2029	110.1	116.0	
June 24, 2030	110.1	116.0	
June 24, 2031	110.1	116.0	
June 24, 2032	110.1	116.0	
June 24, 2033	110.1	116.0	
June 24, 2034	110.1	116.0	
June 24, 2035	110.1	116.0	
June 24, 2036	110.1	116.0	
June 24, 2037	110.1	116.0	
June 24, 2038	110.1	116.0	
June 24, 2039	110.1	116.0	
June 24, 2040	110.1	116.0	
June 24, 2041	110.1	116.0	
June 24, 2042	110.1	116.0	
June 24, 2043	110.1	116.0	
June 24, 2044	110.1	116.0	
June 24, 2045	110.1	116.0	
June 24, 2046	110.1	116.0	
June 24, 2047	110.1	116.0	
June 24, 2048	110.1	116.0	
June 24, 2049	110.1	116.0	
June 24, 2050	110.1	116.0	
June 24, 2051	110.1	116.0	
June 24, 2052	110.1	116.0	
June 24, 2053	110.1	116.0	
June 24, 2054	110.1	116.0	
June 24, 2055	110.1	116.0	
June 24, 2056	110.1	116.0	

... Fund .....	56.4	...	...
... Fund .....	64.9	...	...
... Fund .....	65.3	...	...
... Fund .....	79.8	+0.5	...
... Fund .....	94.8	...	...
... Fund .....	78.1	...	...
... Fund .....	65.5	-0.8	...
<b>Insor Life Assur. Co. Ltd.</b>			
... Street, Windsor.		Windsor 86144	
... Plan .....	53.2	56.8	
... Add. Gth. ....	24.8	36.8	
... Fund .....	114.7	...	...
... Growth .....	93.7	98.4	

**caring + doing**

Edited by Denys Sutton

**world's leading magazine of**

## OFFSHORE AND OVERSEAS FUNDS

get Trust Ngrs. (Cayman) Ltd.		
Box 710, Grand Cayman, Cayman Is.		
Ordshare	40,583	1,974
on June 30, 1980		
July 7		
yo Pacific Holdings N.V.		
Management Co. N.V., Cayman		
per share	28	8,837.18
yo Pacific Hldgs. (Seaboard) N.V.		
Management Co. N.V., Cayman		
per share	28	8,837.12
ail Group		8534 37331.
om, Bermuda, & S. Helier, Jersey.		
Ordshare	1,121	6.88
on June 30, 1980	1,121	
on June 30, 1980	27.20	6.88
on June 30, 1980	27.20	
on June 30, 1980	79.8	11.88

[illegible]

**NOTES**

## NOTES



## FT SHARE INFORMATION SERVICE

47 Great Russell Street, London WC1B 3PA 01-637 4577

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~~NOTES - Continued~~

[illegible]

### INDUSTRIALS (Miscel.)

[illegible]

172	159
93	735

9	4	24	Rock Bridge Sp...	3	20.2
9	20		Barger: I	20	0.99
275	153		Barrow Rd B10-	282	-2
68	40		Bart & W.A.T. A	1	3.02
0	35		Barth Heppner	41	13.24
49	38		Bath & Portland	41	-1
1071	36		Bauer Hwy	41	12.63
980	37		Bell & Clark	98	5.42
77	23		Bellman	77	4.4
2	18		Bellier Coe Hwy	16	1.39
2	32		Berchona	19	1.69
1	37		Bert Clark	34	1.99
2	40		Bert & T. L. mpo	38	2.44

Unsettled Exp.	33	75
Unsettled Inv.	26	72

19	9	Black Arrow 36p	11	21.45
56	117	Black Edge in 30p	120	5.62
78	60	Black P. Bites	67	4.89
62	42	Blackout Int.	53	12.22
5	21	Blackout Int.	19	1.15
5	71	Blackout Int.	88	7.13
145	122	Blackout Int.	127	7.54
148	213	Blackout Int.	122	2.81
230	173	Blackout Int.	208	1.35
81	59	Blackout Int.	208	7.70
83	64	Blackout Int.	88	13.12
97	85	Blackout Int.	54	5.20
		Blackout Int.	68	4.22

45	2233
50	111

37	21½	Brd. Ind. H. 10p	37	+1	1.40
—	—	Brd. Steel Const.	27	—	—
—	15½	Brd. Synchro. 20p	27½	—	1.27
104	53	British Vite	98	—	3.48
38	—	Brundage	35	—	3.01
39	66½	B. H. Prop. SAC	820	-5	9322
52	36	Brown Ste. 70p	26	—	4.20
52	24	Brooks Wat. 20p	26	—	41.6
52	26	Brown Ste. 70p	26	—	—
100	21	Brown Ste. 70p	26	—	5.7
69	45	Brucio Dean	51	—	13.03
14	9	Brucio Dean	107½	—	10.83
55	33	Bury Mass. 10p	51	—	3.85

271 30p	41	295
271 30p	36	295

163	117	Cape Codders	118	6.68
56	49	Capitan Prof. Inc.	44	4.29
46	20	Caracas, Ltd. 30p	38	0.02
71	52	Carrizo Ind.	61	4.67
174	136	Casinos	136	15.82
173	10	Celestial Ind. 5p	122	0.39
56	38	Central Mkt. 10p	48	1.32
28	22	Cent. Sheepec. 7p	29	1.12
10	17	Chasman 5 1/2p	25	0.51
10	26	Chasman 5 1/2p	9	0.39
26	22	Chasman 5 1/2p	9	0.39
24	18	Chasman 5 1/2p	23	1.74
39	34	Chasman 5 1/2p	36	3.85

66	-2	266
107		112

58½	42½	Clarke (Clement)	52½	61.77
65	40	Claugh A. 200.	53	3.0
56	42	Cole (R.H.)	46	3.02
26½	15	Coltens Group	23½	1.48
31	17½	Cumpton Webb 200.	23½	1.54
62½	62½	Cont. Can 31	62½	\$2.80
36	24	Cor. Station; Dy.	24½	2.11
				2.11

by House £:	128	9.35
by Ser's 10r	128	9.53

115	92	Krowther W. 10p	93	13 71
83	63	Croyden 25p	58	13 8
26	17	Cusbert R. G. 10p	25	0 35
107	87	Flavies & Vernon	91	6 54
65	44	Flavies & Vernon	24	4 27

Higgs, Wp.	47	11	03 02
Thompson, Wm.	53	11	03 03

-46 1/2	29 1/2	Downs Surg 1. 10p	29 1/2	-1/2	12.18
18	9	Drake & Cabot	17 1/2		
57	37 1/2	Duffy Bibbs 10p	57		1.37
182 1/2	131	Dumbar Com. 10p	175		110.0
58	32	Emerson 10p	52		1 1/2

$\Delta$ _____	34	293
Cases 10p	17 $\frac{1}{2}$	127

24	16	Eastern Prod 50p	23	+1	—
44	34	Egn Hldgs 10p	40	.....	71.5
110	90	Elcor Inds 50p	105	.....	6.33
12	92	Elford 5p	912	.....	81.95
30	30	Elcoo 10p	25	.....	61.56
432	34	Elect Ind Sec	3612	.....	2.44
42	31	Elitico Pkrs 10p	35	.....	1.97
45	34	Elmco & Bldg	61	-1	12.55

Wash State 10p	412	-12	400
& Over's 10p	434	---	---
Chico 10p	400	---	---

119	67½	Eog. Cassin 14y.	80m	.....	12.44
119	88	Esperanza 12y.	103	.....	13.98
80	56½	Barro Perlas.	62½	.....	1.81
66	50	Expide Hilda. 30p.	54	.....	1.92
246	17½	Ewer George 10p.	19½	-2	11.08
84	73	Excel.	78	.....	4.41
39	25	Fairbairn Lawson	36	.....	1.79
40	26	Fedex 10p.	35	.....	1.19
139	117	Fenner J. H.	120	+2	66.6
72	57	Ferguson Ind.	58	+1	4.95
62	48	Ferro Metal 30p.	52	.....	3.68

9 Metal 30p	52	3.68	1.1
Human 30p	35	0.74	1.1

23	29	Fidelity A.R.I.	20	1.55
24	28	Fine Art Dev. Sp.	22	1.51
34	34	First Finisy. Mp.	35	42.7
50	54	Flintstone	24	75.25
43	32	Flintco C. & W.	37	2.65
42	32	Fogarty (E.)	82	1.25
22	67	Fogarty (E.)	82	1.25
22	175	Fogarty (E.)	82	1.25
86	72	Fothergill Harvey	78	5.05
62	62	Franklin Mint	124	1.05
62	60	French Thos. Mgr	73	22.29
63	56	Friedland Dp.	53	2.55
247	75	G.R. (Hedge) Mgr	225	15.5
12	12	G.R.A. Trust Mgr	10	0.38

Land Dgt.	73	255
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179	153	Centennial	122		122
74	179	Centennial	179	+4	179
91	91	Glenns A	58		258
46	72	Glenns Dudley	58		258
63	42	Alvora (S)	42	+1	257
43	27	Glenns	42		124
32	37	Glenns Up	40	-1	25
22	357	Glenns & Metal Up	405	+2	221
94	29	Glenns	30		8.37
101	15	Glenns Photo Up	18		1.92
51	82	Goldman (H) 10r	82		14.93
25	63	Gomme Flis	221		60.12
63	63	Gomme (H) 5c	25		1.68
89	44	Goff D'm's 10c	77	-1	3.57
22	72	Gumpson Hope	77		12.37
25	77	Granado A			

Photo 10¢	30	2.27
man (H) 10¢	18	1.92

[illegible]

... 31	...
... 155	...
... 127	...

41	57.29	42	57.29	43	57.29	44	57.29
45	57.29	46	57.29	47	57.29	48	57.29
49	57.29	50	57.29	51	57.29	52	57.29
53	57.29	54	57.29	55	57.29	56	57.29
58	57.29	59	57.29	60	57.29	61	57.29
63	57.29	64	57.29	65	57.29	66	57.29
68	57.29	69	57.29	70	57.29	71	57.29
73	57.29	74	57.29	75	57.29	76	57.29
78	57.29	79	57.29	80	57.29	81	57.29
83	57.29	84	57.29	85	57.29	86	57.29
88	57.29	89	57.29	90	57.29	91	57.29
93	57.29	94	57.29	95	57.29	96	57.29
98	57.29	99	57.29	100	57.29	101	57.29
103	57.29	104	57.29	105	57.29	106	57.29
108	57.29	109	57.29	110	57.29	111	57.29
113	57.29	114	57.29	115	57.29	116	57.29
118	57.29	119	57.29	120	57.29	121	57.29
123	57.29	124	57.29	125	57.29	126	57.29
128	57.29	129	57.29	130	57.29	131	57.29
133	57.29	134	57.29	135	57.29	136	57.29
138	57.29	139	57.29	140	57.29	141	57.29
143	57.29	144	57.29	145	57.29	146	57.29
148	57.29	149	57.29	150	57.29	151	57.29
153	57.29	154	57.29	155	57.29	156	57.29
158	57.29	159	57.29	160	57.29	161	57.29
163	57.29	164	57.29	165	57.29	166	57.29
168	57.29	169	57.29	170	57.29		

Wash 11	02	0.45	1
rest 30p	31 <sub>2</sub>	—	—
Wash 12	10 <sub>2</sub>	0.35	1

[illegible]

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# SUMITOMO HEAVY INDUSTRIES, LTD. Tokyo, Japan

For ocean development,  
systems engineering,  
and environment protection.

## MINES—Continued

FAR WEST RAND									
1974 High Low	Stock	Price	wt	10t Cwt	10t Cwt	10t Cwt	10t Cwt	10t Cwt	10t Cwt
10	350	Bluebon Sec	425	0	Q75c	4	10	75	1.0
14	785	Bullfinch Pl	810	0	Q125c	4	10	75	1.0
18	1315	Deerfoot 20 St	1315	0	Q125c	4	10	75	1.0
24	1315	Deerfoot 20 St	1315	0	Q125c	4	10	75	1.0
35	640	East Erie St	640	0	Q125c	4	10	75	1.0
40	1095	Elk Creek 20 St	1095	0	Q125c	4	10	75	1.0
48	1095	Elk Creek 20 St	1095	0	Q125c	4	10	75	1.0
54	1095	Elk Creek 20 St	1095	0	Q125c	4	10	75	1.0
64	1095	Elk Creek 20 St	1095	0	Q125c	4	10	75	1.0
74	1095	Elk Creek 20 St	1095	0	Q125c	4	10	75	1.0
84	1095	Elk Creek 20 St	1095	0	Q125c	4	10	75	1.0
94	1095	Elk Creek 20 St	1095	0	Q125c	4	10	75	1.0
104	1095	Elk Creek 20 St	1095	0	Q125c	4	10	75	1.0
114	1095	Elk Creek 20 St	1095	0	Q125c	4	10	75	1.0
124	1095	Elk Creek 20 St	1095	0	Q125c	4	10	75	1.0
134	1095	Elk Creek 20 St	1095	0	Q125c	4	10	75	1.0
144	1095	Elk Creek 20 St	1095	0	Q125c	4	10	75	1.0
154	1095	Elk Creek 20 St	1095	0	Q125c	4	10	75	1.0
164	1095	Elk Creek 20 St	1095	0	Q125c	4	10	75	1.0
174	1095	Elk Creek 20 St	1095	0	Q125c	4	10	75	1.0
184	1095	Elk Creek 20 St	1095	0	Q125c	4	10	75	1.0
194	1095	Elk Creek 20 St	1095	0	Q125c	4	10	75	1.0
O.F.S.									
70	75	Free State 20 St	100	0	Q134c	1.6	8.3		
75	75	F. Gould 20 St	122	0	Q130c	1.3	6.2		
80	75	F. Gould 20 St	122	0	Q130c	1.3	6.2		
85	75	F. Gould 20 St	122	0	Q130c	1.3	6.2		
90	75	F. Gould 20 St	122	0	Q130c	1.3	6.2		
95	75	F. Gould 20 St	122	0	Q130c	1.3	6.2		
100	75	F. Gould 20 St	122	0	Q130c	1.3	6.2		
105	75	F. Gould 20 St	122	0	Q130c	1.3	6.2		
110	75	F. Gould 20 St	122	0	Q130c	1.3	6.2		
115	75	F. Gould 20 St	122	0	Q130c	1.3	6.2		
120	75	F. Gould 20 St	122	0	Q130c	1.3	6.2		
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140	75	F. Gould 20 St	122	0	Q130c	1.3	6.2		
145	75	F. Gould 20 St	122	0	Q130c	1.3	6.2		
150	75	F. Gould 20 St	122	0	Q130c	1.3	6.2		
155	75	F. Gould 20 St	122	0	Q130c	1.3	6.2		
160	75	F. Gould 20 St	122	0	Q130c	1.3	6.2		
165	75	F. Gould 20 St	122	0	Q130c	1.3	6.2		
170	75	F. Gould 20 St	122	0	Q130c	1.3	6.2		
175	75	F. Gould 20 St	122	0	Q130c	1.3	6.2		
180	75	F. Gould 20 St	122	0	Q130c	1.3	6.2		
185	75	F. Gould 20 St	122	0	Q130c	1.3	6.2		
190	75	F. Gould 20 St	122	0	Q130c	1.3	6.2		
195	75	F. Gould 20 St	122	0	Q130c	1.3	6.2		
FINANCE									
35	315	Ans Amr Con 50c	485	5	W038c	2.8	4.7		
40	315	Ans Amr 10c	485	5	W038c	2.8	4.7		
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345	315	Ans Amr 10c	485	5	W038c	2.8	4.7		
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505	315	Ans Amr 10c	485	5	W038c	2.8	4.7		
510	315	Ans Amr 10c	485	5	W038				





## Counter-cyclical fund enthusiasm wanes

BY ADRIAN HAMILTON

ENTHUSIASM appears to have waned for the idea of creating counter-cyclical investment funds in Britain on the lines practised in Sweden. The Government had shown some interest earlier in the year.

The arguments for such a scheme, under which companies would set aside profits during good times to be drawn on for investment during economic recession, have been pushed strongly by the unions and were referred by Mr. Denis Healey, Chancellor of the Exchequer, in his Budget speech to a special study by a working party headed by Sir Jeremy Morris.

Sir Jeremy's working party, itself operating for the NEDO tripartite industrial finance committee under the chairmanship of Sir Eric Roll, reported back to the main committee at a meeting yesterday.

While its report makes no direct recommendations, its findings are believed to suggest that any such scheme in Britain would involve substantial Government injections of funds and would take several years before it became effective.

The working party investigated a number of suggestions including a straight copy of the Swedish system, a version put forward by Messrs. EDC, Mr. John Hughes of Ruskin College and the TUC itself.

### Effect delay

At the same time, examining the Swedish system, which has been in operation since 1938, the report also warns that any scheme would take many years before it became properly established and could be expected to be of little help during the current cycle.

Under the scheme, which is voluntary, Swedish companies can set aside up to 40 per cent. of their pre-tax income for the fund, a sum which can be released only by Government permission.

The attraction of the scheme, which involves no direct Government subsidy, lies in the relief

from taxation and the write-off provisions once the money is used—neither of which would be so attractive in the U.K. where effective tax rates are lower and accelerated depreciation exists for nearly all capital investment.

It is now up to the Roll Committee, which is planning to pass on the report to the full National Economic Development Council next month, whether to recommend introduction of any of the schemes.

While the City and Whitehall are not enthusiastic, some union leaders remain keen on the idea. Mr. Jack Jones, in a speech over the weekend, pressed the case against what he called "foot dragging" by officials.

The Roll Committee is also making an interim report to the NEDC meeting on industrial strategy to-morrow on the supply of finance during the upturn. The committee has considered various alternatives with the general conclusion that finance should not be a problem, provided that the current cautious investment climate is maintained and provided that the public, commercial or domestic sectors do not pre-empt finance.

Its findings, however, are provisional and have clearly not been able to consider supply against different investment targets or assumptions of public expenditure.

## Ford challenges for top three place in EEC

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

A LONG-TERM plan to transform Ford from its position as a medium-size European producer to one of the top three within the EEC is almost complete.

The plan hinges on Ford of Europe's new small car, the Fiesta, to be launched shortly in Germany and due for introduction in the U.K. in January.

With a potential output of 500,000 units a year from the Fiesta lines in Spain, Germany and the U.K., Ford's total capacity in Europe will jump to at least 1.7m cars, behind only Fiat, about 1.85m, and Volkswagen, which has reduced capacity to about 1.85m.

This sudden leap to within range of the leaders in the European production league will carry Ford beyond the large French groups, Renault, 1.55m, and Peugeot-Citroen, 1.65m, and raises the question of whether General Motors, which is ahead of Ford in most of the main markets of the world, will try to follow.

Ford's expansion could push it within range of market leadership within Europe, a position above which Fiat and Renault are in contention. VW has stronger exports out of the EEC.

Within the E.C. it will almost certainly mean that the company will be able to push its market share up to the 30 per cent. level, and possibly slightly above—a position which will make it a serious rival of British Leyland for market leadership for some time to come.

Both within Europe and the U.K., Ford gains, in terms of the battle for market share.

from not laying such heavy emphasis on the export of built-up cars. Out of its British production, in 1974, for example, Ford exported 25 per cent, compared with British Leyland's 44 per cent.

Nevertheless, Ford's exports are going up rapidly at the moment, according to figures published yesterday by the company. This is not simply an inflation-linked monetary increase: car sales overseas went up by 27 per cent. in the first half of 1975, from 42,300 last year to more than 53,000 this year.

In financial terms Ford's exports have earned the company £308m, over the last six months, a rise of 41 per cent. compared with the same period last year. The Fiesta, also, is likely to improve on Ford's export performance in spite of substantial component imports to make the vehicle. This is because most of the engine castings will be made at Dagenham as well as all the U.S. version which will be assembled at the rate of about 100,000 units a year at Saarlouis, Germany.

These and other components should give Ford U.S. a better financial balance on the Fiesta programme.

There is a strong possibility of building up Escort exports to Germany. Over the next few months more British-built Escorts will be sold in the rest of Europe, and the U.K. company stands to gain longer term contracts if its quality is right.

U.K. manufacturers in Japan talks. Page 4; Ford drops out of truck project, Page 3.

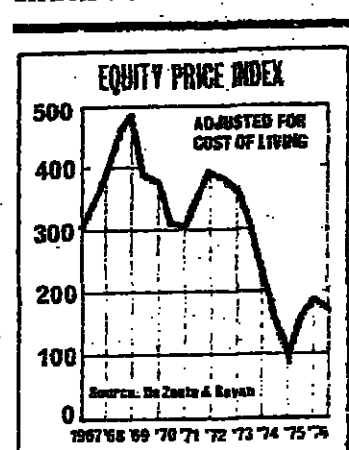
## Lonrho and the Inspectors

THE LEX COLUMN

Lonrho's response to the news that the DTI inspectors' report is at last going to be published has been absolutely true to form. It announced that the report would give it a clean bill of health and contained no criticisms which could not be answered in detail, that a great shadow had been lifted from the group—and that profits, this year, could rise from £83m to £88m, pre-tax. It also suggested that it had been pretty shabby dealt with by Government departments. Attack, it seems, is considered the best form of defence.

All will become clear this afternoon when the report is actually published. However its relevance to Lonrho's share price and trading performance is by no means clear. Although the share price has been significantly underperforming the market for over a year—and has been especially weak in the past few months—its status relative to the market is still higher than it was before the Boardroom row blew up and the inspectors started their work three years ago. And the activity in the inspectors has not imposed any obvious constraint on the Board's rush for expansion during the last 18 months. So although a satisfactory report could open new doors to the group, it would not necessarily signal a re-rating and nor will a profits target of £88m, which does not require much further progress in the second half of the current year, and would leave earnings per share only marginally higher.

### Index rose 3.0 to 392.5



Source: The Centre for Research in Economics and Statistics

ates, at rather more than 80 per cent., may have been around twice as rapid as that of Warburg itself.

The banking side has seen a general upturn in activity, with the eurocapital market becoming busy and U.K. rights issues staging a revival, while investment management—where Warburg may control funds of over £700m—has benefited from higher market values, and an increase in pension fund business. Warburg is not a big lender bank, so is less vulnerable than some to balance-sheet constraints. This year conditions should continue to be favourable, with plenty of recovery scope in metal trading. The only problem is that there may be little scope for shareholders to benefit, with the dividend already in place covered 5.3 times; the yield is 4.6 per cent. at 105p, up 5p.

See also Page 32

lanced. The 50p cap party with a spread 80p in the market. Against this the future dent trading of together with gross this year 2nd next w of the current guaranteed. Sun Life of this impasse, w liquidation once it v 75 per cent. contr hope if the happ eventual return of 50p may induce some sit tight. All trans liquidation would be arm's length has latest independent s Artagen's net asset excluding the Sun, agreement.

### J. Lyons

J. Lyons' capital being cut by a third there are no great working capital, and outlook ought to be by the year end. I borrowings are not significantly reduced of this year's trading underlying improve well be masked by tr currency fluctuations. capital em arm's length has latest independent s Artagen's net asset excluding the Sun, agreement.

See also Page 32

## French reservations about backing for Jenkins

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

THE FRENCH Government is displaying reservations over the backing which next week's summit talks of EEC heads of government is expected to give to the nomination of Mr. Roy Jenkins as the next president of the European Commission.

France is not expected to press its objections as far as blocking the effective nomination of Mr. Jenkins at the summit, in part because it is unwilling to jeopardise the spirit of Anglo-French understanding generated during President Giscard d'Estaing's recent visit to the U.K.

But there is clearly less enthusiasm in Paris than in most other Common Market capitals for the idea of giving Mr. Jenkins a head start of almost six months before he takes up his new post to establish his authority in the EEC and to cultivate relationships with national governments.

France's objections do not reflect any personal judgement on Mr. Jenkins. He is regarded as a political and intellectual heavyweight who may well enjoy a closer relationship in office with President Giscard and other European leaders than the cur-

rent commission, president, M. Francois-Xavier Ortoli.

The French Government is understood to believe that by conferring its formal seal of approval on the expected nomination, the summit would violate previous conventions under which the 13 commissioners are supposed to be named simultaneously and to select their president from their own ranks.

In addition, the view in French official circles is that by choosing the new president, the summit (or European Council, as it is formally known) would be rashly implementing one of the main proposals of the report on European union by the Belgian Prime Minister, M. Leo Tindemans, before the report has received proper study by member governments.

Some EEC observers suggest the French Government fears the effective choice of a new president so far in advance would give the commission itself an undesirable degree of prominence, and might grant Mr. Jenkins undue influence in the selection of his future colleagues.

Considerable uncertainty remains in Brussels over who the

U.K. will nominate as its second commissioner, and, indeed, whether Mr. Callaghan will observe the unwritten rule of choosing one commissioner from each of the major political parties.

If the bi-partisan convention is observed, Mr. John Davies and Sir Peter Kirk (who leads the Conservative group in the European Parliament) are regarded here as the front-runners for the job. But Mr. George Thompson, who was picked from the ranks of the Labour Party, is known to be interested in staying on for a further term.

Malcolm Rutherford adds: The view in London is that the French are strictly right and that the President of the Commission cannot be appointed before the other Commissioners have been named. But, there is no disposition to believe that the French will ultimately oppose Mr. Jenkins's appointment.

The subject has not yet been formally discussed among the Nine. It is expected it will be discussed next week and that a consensus will emerge in Mr. Jenkins's favour, though the actual appointment may be delayed.

## More offshore oil business for U.K.

BY RAY DAFTER

BRITISH INDUSTRY has gained a substantially greater share of the offshore oil business. Last year, U.K. manufacturers and service companies won £813m. worth of orders in the North Sea, almost £100m. more than in 1974. Their share of the total market improved from 40 per cent. to 52 per cent.

According to Dr. Dickson Mabon, Minister of State, energy, early trends this year suggest that the U.K. is continuing to increase its share. On the other hand, the overall market is diminishing.

The offshore business was worth £1.28bn. in 1974. Last year, it shrank to £1.18bn. Dr. Mabon said it was quite possible that the value of contracts would fall below £1bn. this year.

Dr. Mabon recognised that British industry was still weak in a number of categories—for example large-diameter pipeline manufacturing, pipe laying and rigging.

Thus, there is a good deal of Government and industry interest in possible expansion plans of the British Steel Corporation.

ESCC has been studying the possibility of installing large-diameter pipe-making facilities at Hartlepool again. Dr. Mabon said that he had pointed out to the corporation that such facilities could help to boost the U.K. industry's share of the offshore market, if it started manufacturing major submarine pipeline systems.

Hundreds of miles of such pipelines might be needed for a gas gathering system in the North Sea. One report, now being evaluated by the Government, has suggested that this scheme alone could cost well over £1.6bn.

If the sectors of the market where the U.K. has little or no capability are excluded from the market reckoning, the domestic share of the offshore work last year was 66 per cent. against 55 per cent. in 1974.

The efforts of U.K. service companies have accounted for much of this improvement. For example, the Offshore Supplies Office's report emphasises that the service and underwater capability in the diving market has been strengthened.

### Expansion plans

The figures largely reflect the hiatus in the oil industry's platform building programme, but there should be an improvement in the overall picture within the next couple of years.

A report by the Department of Energy's Offshore Supplies Office yesterday said that as orders for the home market were falling off, many U.K. companies were seeking more export business.

For the first time expenditure last year exceeded orders placed: £1.5bn. was actually spent, while £1.18bn. worth of orders were placed.

## Unions step up fight against public cuts

BY ALAN PIKE, LABOUR STAFF

EFFORTS BY public-sector unions to generate increased resistance to Government cutbacks to public spending cuts are intensifying amid indications that further economies are likely to be announced before Parliament rises for the summer recess.

Several motions condemning the effects of the cuts are on the agenda of the TUC and Labour Party conferences in the autumn as the unions seek to make the issue wide and public, and not merely a threat to the job prospects of their members.

Mr. Alan Fisher, general secretary of the National Union of Public Employees, said yesterday following a meeting of his executive that cuts in public expenditure and the need for an alternative economic strategy were emerging as key issues for the autumn conferences.

NUPE is producing 250,000 leaflets and 55,000 posters as the first step in a campaign which is to culminate in a mass lobby of Parliament. It will seek the support of other unions, particularly those in the public sector, for a "constructive and radical alternative to the policies at present being pursued by the Government."

There are increasing signs of liaison between the public-sector unions on the cuts issue, particularly at local level, where joint committees are being established to resist redundancies.

Mr. Geoffrey Drain, general secretary of the National and Local Government Officers' Association, last night urged the Government to stop being "frightened by the speculators" and to come out strongly against further cuts. Trade unions, he warned, would not stand by idly if more economies were made.

Mr. Drain said that although his union had accepted the pay policy and was not proposing national action against the cuts, it was prepared to take on local authorities "piece by piece" by backing members who decided to resist cuts.

### Signs of more

Signs that the Prime Minister will shortly announce further Government spending cuts of about £1bn. for 1977-78 brought similar reactions from other public sector unions yesterday.

A National Union of Teachers statement commented that the lack of foresight in Government circles on educational issues was becoming "quite alarming." The schools had lost £1bn. in planned expenditure over the next five years, and further cuts would store up "incalculable economic and social problems in a matter of years."

The Confederation of Health Service Employees is instructing its branches to form committees to organise action if it becomes necessary.

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## Sun Life controls Artagen

BY QUENTIN GUIRDHAM

FOUR days before running out of time under the City Take-over Code, Sun Life Assurance Society yesterday gained control of Artagen Properties.

Securing acceptances for a further £8m, Artagen shares since last Thursday and purchases of 3m shares in the market, enabled Sun Life's offer to be declared unconditional with 51.94 per cent. of the property group's equity. The 90p cash offer per share values Artagen at more than £50m.

Sun Life held 33.35 per cent. when on April 1 it announced a 75p-share offer. The determined defence by the Artagen Board, forcing Sun Life to raise its bid twice, centred on a revaluation of the property

portfolio, increased dividends, and on the value to shareholders of a £40m. funding agreement with Sun Life.

Mr. Philip Walker, chairman of Sun Life, said yesterday that the intention remained to gain complete ownership of Artagen's properties and to cancel this agreement. Although he expected many more acceptances to come in—the bid will be kept open indefinitely—the might take "quite a long time."

Sun Life would need 90 per cent. of the "independent" shares to eliminate a minority stake in Artagen. Alternatively, it may ask for a voluntary liquidation of the company, which requires court approval and support of 75 per cent. of the whole equity.

Much will depend on what advice the Artagen Board offers shareholders who have not accepted the bid or sold in the market. Mr. John Brown, vice-chairman and managing director of Artagen, said last night that he felt it wrong that "probably less than 85 per cent. of shareholders can decide the course of a company after 109 years of independence."

He added that the Artagen Board would meet later in the week to decide what to tell shareholders and said they should not take action at present.

A Kavalat-held stake approaching 10 per cent. of Artagen has not accepted the offer.

## British pressure on Maritime

BY JOHN WYLES, SHIPPING CORRESPONDENT

THE BRITISH Government yesterday added to the already considerable pressure on Maritime Fruit Carriers to take urgent moves to resolve its mounting financial crisis.

Although few details were available afterwards, officials in the Departments of Trade and Industry are understood to have indicated at a meeting with MFC executives the need for a rapid agreement, with potential outside investors willing to inject \$15m. (£3.4m.) into the Meridor.

These talks were held against a background of mounting uncertainty. Before meeting Whitehall officials, MFC's joint managing directors instructed all of the company's refrigerated ships still at sea to steam slowly and get to call at any port unless otherwise instructed.

This order was cancelled after the Whitehall meeting, although it was not clear last night whether Government pressure was responsible.

As the ultimate guarantor of loans provided by the Ship Mortgage Finance Corporation, the Government is first mortgagee on at least six and possibly eight MFC ships.

So far, Whitehall has broadly followed the lead taken by MFC's leading banking creditors who are all agreed on the need for a quick rescue operation, although some are pessimistic about its prospects.

The proposition commanding widest support has been negotiated by Mr. H. Struve Hensel, MFC's managing director until moved aside 10 days ago by the company's co-founders, Captain M. Brenner and Mr. Yacov Yezzer.

Among other things, this offer of \$15m. is hinged on a complete change of MFC's Board with the reinstatement of Mr. Hensel for a short period.

The investors group making this offer also want the British Government to accept cancellation of MFC's new building programme at Scott Lithgow and Harland and Wolff.

There was a widespread feeling among major creditors last night that MFC has only a day or two to take decisive action or face general seizure of its assets.

The Danish Shipbuilding Credit Foundation revealed yesterday that it is responsible for the arrest 10 days ago of an MFC ship at Dover and that it plans

to seize a further three ships in order to recover a \$20m. debt said to be owed to it and the Aalborg shipyard in Denmark.

Meanwhile, reports that the Israeli Government would guarantee \$7m. loan for MFC were unconfirmed in Tel Aviv yesterday.

Any such proposal would need the approval of Israel's Parliamentary finance committee, where there is understood to be considerable opposition to the proposal.

It was also reported from Tel Aviv yesterday that leading MFC shareholders plan to file an \$85m. suit against Bankers Trust Company.

The suit, to be filed within a few days in London and New York, arises out of the arrest by Bankers Trust of four of MFC's Israeli flag ships.

The Israeli and British seamen's unions have now both reached agreement with creditor banks guaranteeing full payment of wages for as long as they are employed by MFC.

However, the unions are pledged to "black" any MFC ship which, on being sold by a creditor, no longer such under the British or Israeli flag.

## Weather

U.K. TO-DAY  
SUNNY and hot in South. Some cloud in N.

London, S.E. Cent. S. England, Midlands, Cent. England

E. Anglia

Sunny spells, scattered showers or thunderstorms. Very hot. Max. 30C (86F).

E. N.E. England, Borders, Edinburgh, Dundee

Dry with sunny spells. Fog patches near coasts. Hot. Max. 25C (77F).

Channel Islands, S.W. England, Wales

Cloudy, some rain. Warm. Max. 22C (72F).

N.W. England, Lake District

Sunny-spells, scattered showers. Very hot. Max. 28C (82F).

Isle of Man, N. Ireland

Cloudy, some rain, brighter later. Warm. Max. 20C (68F).

Outlook: Sunny spells, mostly very warm. Showers in S. and S.W.

Lighting-up: London 21.45, Manchester 22.15, Glasgow 22.35.

Pollen count: 10 (low). Forecast: similar.

### BUSINESS CENTRES

City	Y day	Y day	City	Y day	Y day
Amsterdam	25	25	Madrid	25	25
Bombay	25	25	Moscow	25	25
Brussels	25	25	New York	25	25
Calcutta	25	25	Osaka	25	25
Canton	25	25	Paris	25	25
Cebu	25	25	Rangoon	25	25
Colon	25	25	Seoul	25	25
Hankow	25	25	Singapore	25	25
Hong Kong	25	25	Taipei	25	25
Kobe	25	25	Tokyo	25	25
London	25	25	Yokohama	25	25
Lyons	25	25			
Manila	25	25			
Medan	25	25			
Shanghai	25	25			
Singapore	25	25			
Tientsin	25	25			
Yokohama	25	25			

### HOLIDAY RESORTS

City	Y day	Y day	City	Y day	Y day
Batavia	25	25	London	25	25
Bombay	25	25	Manila	25	25
Brussels	25	25	Moscow	25	25
Calcutta	25	25	New York	25	25
Canton	25	25	Osaka	25	25
Cebu	25	25	Paris	25	25
Colon	25	25	Rangoon	25	25
Hankow	25	25	Seoul	25	25
Hong Kong	25	25	Singapore	25	25
Kobe	25	25	Taipei	25	25
London	25	25	Tokyo	25	25
Lyons	25	25	Yokohama	25	25
Manila	25	25			
Medan	25	25			
Shanghai	25	25			
Singapore	25	25			
Tientsin	25	25			
Yokohama	25	25			

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